

CHAPTER- 4

INVESTMENT PATTERN OF PRIVATE SECTORS MUTUAL FUNDS.

- 4.1 Introduction.
- 4.2 Objectives Of Investor.
- 4.3 Meaning Of Investment.
- 4.4 Characteristics Of Investment.
- 4.5 Investment Process.
- 4.6 Classification Of Investments.
- 4.7 Analysis Of Investment Pattern Of Indian Private
Sector's Mutual Funds.
 - 4.7A Company Wise Investment Pattern And Analysis.
 - 4.7B Instrument Wise Investment Pattern And Analysis.
 - 4.7C Industry Wise Equity Investment Pattern And
Analysis.

4.1 INTRODUCTION:

This chapter covers characteristics, objectives of investors, investment process, and classification of investment, investment patterns, an analysis and Portfolio of Nine Indian Private Sector's mutual funds. The data is collected from annual reports, fact sheets of concerned mutual funds and SEBI annual reports for mutual funds. There are 10 Indian private mutual funds in India as on 31/3/05 according to AMFI Update. The data of Sahara mutual fund is not available. Therefore, only nine Indian private sector's mutual funds data is presented for analysis and study purposes.

The investment pattern has been analysed according to nature of financial instruments, Scheme wise, company wise and investment objective of fund wise. The fund manager invest fund in such way so they provide maximum possible return to investors of mutual funds. Fund manager require skill and expertise knowledge of capital market like movement of finance, stock market conditions, performance as well as economic condition of company, psychology of the market, investor's goal, business cycle etc.

Generally fund manager faced mainly three problems while investing fund. One, Selection of right securities, Second, right company or industry and third, right time to invest. Fund manager must have update information of financial market, and changes in the market. A possible solution to these problems is the research output on investment pattern of mutual fund's companies.

Investment pattern depends on nature of scheme, which they mention in offer documents. Normally, Growth fund schemes invest 80 -90 % in equity and equity related instruments and 10 – 20 % in debt and Money Market Instruments. Balanced fund schemes invest 51 – 70 % in equity & equity related instruments and 30-49 % in debts and money market instruments, whereas 80-100 % fund invest in money market instrument & fixed yielding instruments and 0-20 % in equity and equity related instrument in case of Income fund.

4.2 OBJECTIVES OF AN INVESTOR:-

Investors have a specific objective to invest their savings in mutual funds. Investors interest to invest in mutual funds is varying in nature. Generally, interests of average Indian small investor's are SAFETY, LIQUIDITY and

PROFITABILITY. Due to small size of savings, lack of proper knowledge of financial market, no professional back ground etc. they prefer to invest in mutual fund with the priority of safety. The investors who are risk takers can directly invest in share market. Therefore the prime objective of small investors of mutual funds is safety of their hard earning.

Next important element is liquidity. While investing savings in mutual funds, investors think that their funds should be available whenever they require without waiting till the termination of the scheme. "As next to safety what an investor values most is liquidity, at no point of time should the units of mutual funds become a milestone around his neck".¹ Another important component of investor's interest is return on their investment. Ultimate goal of each investor is to get high return at less risk. Investors expectation of high return includes annualised return as well as capital appreciation of units over a period of time.

Fund manager has to remain cautious and aware while selecting an investment instrument. To achieve all in-one, fund manager select a defensive and aggressive strategy which have low risk and high return. Up to what level investor's objectives are satisfied, depends upon selection of securities, industry or company, time and Asset portfolio by fund manager.

4.3 MEANING OF INVESTMENT.

Investment means the sacrifice of current consumption for future. In investment sacrifice take place at present and reward comes later which is generally uncertain. Investment is the employment of funds on assets with the aim of earning income or capital appreciation. "Investment means the conversion of money into monetary asset or claims on future money and use of funds for productive and income earning assets".² It has two attributes, namely time and risk. In certain investments time elements remain dominant e.g. government securities and in other cases risk factor is the dominant factors e.g. investment in stock market.

Any body can be a saver but all such can not be an investor in the financial market. It requires certain expertise knowledge of financial market. It

1 Performance Appraisal of Mutual Funds- M S. Turan & B.S. Bodla, pp no. 46, New Delhi- 2001
2 V. A. Avadhani, "Investment management" First addition-1996, pp-24

may be gamble and speculation, some investors indulge in & it is highly risky. For investment, first requirement is saving. But saving is not enough for investment, it also requires information flow of financial market.

4.4 CHARECTARISTICS OF INVESTMENT:-

According to V. A. Avadhani investment have mainly four characters which affect the selection of investment instruments as well as degree of amount in a particular investment mean. Following are the characteristics of investment:

[A]RISK:

The risk is an important element of investment. It is inherent in any kind of investment. Generally each and every investment has more or less risk. No investment can be a 100 % risk free. Rate of return varies widely from period to period when such investments are risky and less risk, rate of return do not change more periodically. The degree of risk depends on:

- Time duration,
- Creditworthiness of borrowers,
- Nature of investments,
- The nature of tax liability on investments,
- Nature of industry or business in which the company is operating,
- Amount of investment etc.

Longer the maturity period, the more risky is the investment, the risk of investment is less in case of high creditworthiness of borrower and more risk if borrower has low creditworthiness. The natures of investments like debt instruments, fixed deposits or ownership also determine risk. The debt instruments or fixed deposit possess less risk whereas equity share and preference share possess high risk.

The investors and the company through the planning can control some risk. Some risk can not be controlled which can be borne by the investors compulsorily. The risks which arise due to external and uncontrollable factors is known as systematic risk. Market risk, interest rate risk, purchasing power risk etc are the examples of systematic risk. The risk which arises out of controllable and internal factors of the companies is known as unsystematic risk like business risk , insolvency risk, financial risk etc.

[B] RETURN:

A dominant factor affecting the investment pattern is its return and also capital appreciation. Return means the total income received during the holding period stated and capital appreciation. Normally higher the risk, the higher is the return and lower the risk, the lower is the return. In case of investment in stock market, investors get the dividend as well as the capital appreciation. Return can be measured as under:

$$\text{Return} = \frac{D_o}{P_o} + \frac{P_1 - P_o}{P_o}$$

Where

D_o = Dividend

P_o = Price at beginning of year

P_1 = Price at the end of year

$$\frac{P_1 - P_o}{P_o} = \text{Capital appreciation}$$

$$\frac{D_o}{P_o} = \text{Periodical return}$$

$$\therefore \text{Return} = \text{Periodical Return} + \text{Capital appreciation}$$

[C] SAFETY:

Safety means certainty of return on investment and getting the principal amount back. Generally an investor has prime consideration, safety of his savings. Therefore fund managers have all the time to safeguard the investor's investment. The investors, who prefer safety, invest in riskless return instruments like government bonds, govt. securities etc. and those who prefer more return, invest in equity and equity oriented instruments. So if the return is high, the degree of safety is less and when the return is less, the degree of safety is more. While allocating funds among various securities, fund manager must give top priority to safety.

[D] LIQUIDITY:

Liquidity means investment is easily realisable, saleable or marketable securities. It is the ability to convert investments into cash. Investors can encash their investment at any time without waiting for the termination of schemes.

The liquidity depends upon the marketing and trading facility available. If there are no buyers and no proper trading facility available, liquidity is negligible in respect of such instruments. If there is a good market for the asset and no uncertainty of time involved, then the liquidity of the asset is good. Thus, liquidity is high, then the return may be less and vice –versa.

Generally, an investor prefers liquidity for his investments, safety of his funds and a maximum return with minimum risk over their investment.

4.5 INVESTMENT PROCESS:

The investment process involves a series of activities for purchase of securities or assets. The investment process can be divided in following five steps:

- [A] Set investment policy.
- [B] Perform security analysis
- [C] Construct a portfolio
- [D] Evaluate the performance of the portfolio.
- [E] Revise the portfolio.

[A] INVESTMENT POLICY:

The first step for making an investment is setting up the investment policy. Investment policy is the base of investment process on which the investment process gets direction. The set of investment policy depends on certain elements like investible funds, objective and the knowledge about the investment alternative and financial market. The entire investment procedure revolves around the availability of investible funds. If funds are borrowed then investor should select investment instrument which provide higher return than interest on borrowed funds. The objectives are formed on the basis of required rate of return, need for regularity of income, risk perception and liquidity. Without the proper knowledge of investment alternative and market, investors may or may not select right security at the right time. Therefore investors should be aware of stock market structure, brokers, mode of operation etc.

[B] SECURITY ANALYSIS:

After setting up of investment policy next step is to analyse securities within broad categories of financial assets which are previously identified,

because past performance may not pertain in future. It involves analysis of industry, company as well as market. The economic significance and growth potential of market and industry have to be analysed. Regarding company, investors should analyse earning, profitability, capital structure, and management etc. of company.

To analyse securities, there are many approaches prevailing but two are widely used. They are technical analysis and fundamental analysis. In technical analysis, the analysts study the stock market price to forecast future price direction. Logic of this analysis is that past trends or performances repeat themselves. Fundamental analysts forecast the timing and size of cash flows and after this convert the cash flows into their equivalent present value by using an appropriate discount rate.

[C] CONSTRUCTION OF PORTFOLIO:

The third step in the investment process is portfolio construction which involves identification of specific assets to invest and determining how much to invest in each security. The portfolio is a combination of various securities which is constructed in such a manner that objectives of investors can be achieved. The combination may be of various asset classes like equity instruments, debt instruments, govt. bonds, warrants, debentures etc.

[D] EVALUATION:

Evaluation of portfolio performance is the step of investment process which involves determination over a period of time that how portfolio is performing with regards to the return and evaluates the risk factor which investor bears. For the evaluation there should be appropriate measures of return and risk.

“The investment process involves how an investor should make decisions about what market securities to invest in, how extensive the investments should be, and when the investments should be made”³.

[E] PORTFOLIO REVISION:

Portfolio revision is the fourth step of investment procedures. Investor should check their investment pattern periodically and may change their pattern in

3 . Gordon J Alexander, William F. Sharpe and Jeffery V. Bailey- “Fundamentals of Investments, third edition, 2003, pp.11

current market context to achieve predetermined objective. Performance of few securities may not remain same so investors may sale their certain securities whose return have not performed as per expectation and then create a new portfolio. Portfolio should be revised if price of securities changed then reconstruct portfolio to meet investment goal.

4.6 CLASSIFICATION OF INVESTMENTS:

In the past, investment instruments were limited to real assets, post office saving schemes and bank deposits. But at present wide alternatives are available in the market which covers all kinds of investors having varing investment objectives.

Investment can be classified in negotiable securities & Non-negotiable securities, Physical investments & financial investments, marketable & transferable and non-marketable etc. Major classes are physical investments and financial investments.

{1} PHYSICAL INVESTMENTS:

It is investments getting or acquiring physical assets, useful for production and consumption. The investment in real assets like house, land, building, Gold, silver, any other metals, consumer durable etc are the physical investments.

{2} FINANCIAL INVESTMENTS:

The financial investments may be a negotiable securities and non-negotiable securities. The securities which are transferable and its return may vary or fixed is known as negotiable securities e.g. investments in equity shares are variable income securities whereas investments in bond, debenture, national saving certificate etc are fixed income securities. Financial investments have a two major classification like negotiable securities and non-negotiable securities.

[A]NEGOTIABLE SECURITIES:

Negotiable securities are those securities which can be transferred. Negotiable securities can be divided in two parts, one Variable Income Securities and two Fixed Income.

1. VARIABLE INCOME SECURITIES:

The securities return of which are fluctuating or varying called variable income securities. Following are the variable income securities:

i) EQUITY SHARES:

Investment in equity shares are variable income securities. Equity shares are known as common stock or ordinary shares. The rate of return over it is not fixed but it depends upon performance of company. It is investment avenue which attract the more and more investors who are ready to take risk.

ii) MUTUAL FUND:

Investment in mutual fund is another important alternative. Mutual Fund Company collects funds from large number of investor through out the country as well as oversees by selling units of various schemes. The amount collected from investors is managed by professional management in such a way that investors get maximum benefits with minimum risk. Mutual fund can be broadly divide in to two categories like Open-ended schemes and close-ended schemes.

The open ended schemes offer its units to investors on continuing basis. It means investor can buy units at any time and also exit at any time. There is no maturity period and they are not listed in the stock exchange. Open-ended schemes provide high liquidity to the investors because of repurchase facility provided by mutual fund.

The close-ended schemes do not provide liquidity to the investors. Amount invested in closed-ended schemes blocked up to predetermined period. Close-ended schemes have a fixed maturity period. Investors need to wait up till maturity period to get their investment back. The first time investments are made when the close-ended schemes is kept open for a limited period. After the issue is closed, the units are listed on a stock exchange. Investor can buy or sell their units only through stock exchange.

The schemes of mutual fund can also be classified on the basis of objectives like as growth schemes, income schemes, balanced schemes, Money market schemes, Tax saving schemes, index schemes etc.

2. FIXED INCOME SECURITIES:

i) PREFERENCE SHARES:

The shares which get priority in case of payment of dividend as well as repayment of investment at the time of liquidation. It possesses characteristics of bond and equity. Like bond, they receive fixed income and like equity it is perpetual liability of company. Preference share holders do not have any voting power. Cumulative preference shares & non-cumulative preference shares, convertible preference shares & non-convertible preference shares, redeemable & irredeemable preference shares, participative & non-participative preference shares etc are the types of preference shares.

ii) DEBENTURE:

Debenture is document that confirms the debt of the company. Investors in it, are known as debenture holders. Investors get fixed rate of interest over it. The amount of debentures may be redeemed in instalments. Fully convertible debenture, partly convertible debenture, non-convertible debenture etc. are various kinds of debenture.

iii) BOND:

Bond is a long term debt instruments that promise to pay a fixed annual interest for specified period of time. There are various kinds of bonds available in the financial market like secured bond & unsecured bonds, perpetual bond & redeemable bonds, fixed interest rate bonds & floating interest bonds, Zero coupon bonds, Deep discount bonds, Capital index bonds etc. Bonds are issued by public sector undertakings.

iv) GOVERNMENT SECURITIES:

The securities issued by state government, Central government and any other government agencies are known as government securities. Government securities have high degree of safety and liquidity but rate of interest over it, is lower than other instruments.

v) MONEY MARKET INSTRUMENTS:

The securities which have less than one year's maturity period are called money market instruments. e.g. Treasury bills, Commercial paper,

Certificate of deposits. Treasury bill is basically an instrument of short term borrowing by the government of India. Maturity period of treasury bill may be 18-days, 28-days, 91-day and 182-days. Commercial paper is a short term negotiable instruments with fixed maturity period. It is a secured promissory note issued by the company either directly or through bank. Certificate of deposit is a marketable receipt of funds deposited in a bank for a fixed period at a specified rate of interest.

[B] NON-NEGOTIABLE INSTRUMENTS:

Non-negotiable financial investments can not be transferred. This kind of investment also known as non-securitised financial investments. Following investments are of this category.

1. DEPOSITS:

It a means of investment is paying fixed rate of interest to the deposit holders. Deposit may be accepted by post office, bank, company and non-banking financial institution.

Bank deposits is the simple investment alternative for the investor. The deposits in the banks are considered to be safe due to Reserve Bank of India regulation. Normally, the investors who are risk averse prefer the bank deposits.

Post office deposit is also another important means of investment. Post office offers fixed deposit facility and monthly income scheme as well as daily recurring facility.

Non-banking finance deposits are the significant factor in the process of financial intermediation. Maturity period of this category deposit are 1 to 5 years. Maximum limit to accept the deposit depends upon credit rating of company. Lower credit ratings company offer higher rate of interest. Bajaj Auto Finance, Birla Home Finance, IDBI, Chola Finance, HDFC, M & M Finance service etc are non-banking institution which accepts the deposit. Security of investment is very less compared to deposits with bank.

2. TAX SAVING SCHEME:

The tax saving schemes offer 20 % tax relief to the investors subject to maximum limit Rs. 12000. The important tax savings schemes are:

- National Saving Scheme (NSS)

- National Saving Certificate VIII series (NSC)
- Public Provident Fund Scheme (PPF)

Investment in NSS is locked for 4 years and rebate of 20 % was allowed under section 88 of Income Tax Act (From 1 march 2006, sec.88 is withdrawn). Investment in this scheme earn lower rate of interest compared to other tax saving schemes.

National savings certificate is offered by the post office. The interest is cumulative at the rate of 8 % to 9 % which government may change. Withdrawals are not allowed in this investment scheme.

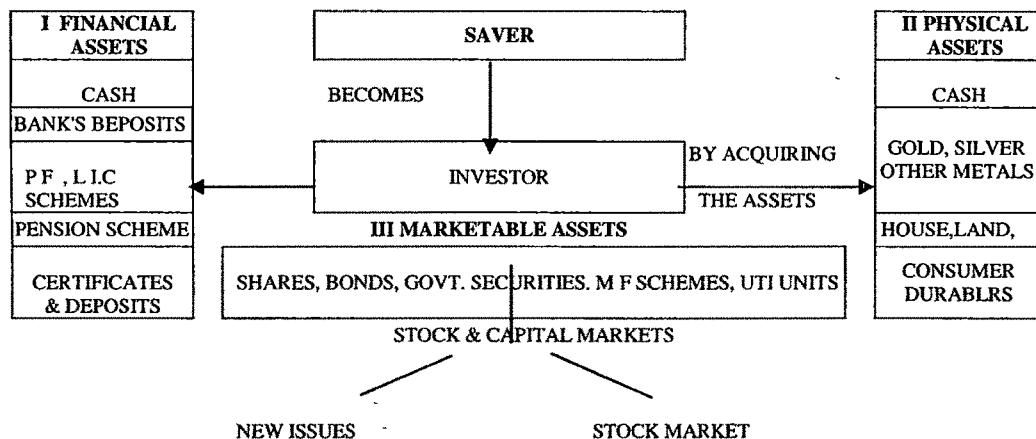
Under scheme of public provident fund, individual investors and Hindu Undivided Family (HUF) can participate. After completion of seven years, investors have an option to withdraw 50 % of balance.

3. LIFE INSURANCE:

Life insurance is a contract for payment of a sum of money to the person assured on happening of event insured against. It provides full protection against risk of death of policy holder. Amount of premium may be paid monthly, quarterly, half yearly or yearly instalment. Income tax relief is available on amount paid as premium for life insurance. There are so many schemes of life insurance in India like Bima Kiran, Pension plans, Jeevan Sarita, Money back policy, Jeevan Balya etc.

Investment activity involves the use of funds or savings for further creation of assets or acquisition of existing assets. Following charts show the investment activity.

Chart: 4.1 Investment Activities



Source: Investment Management – V.A. Avdhani.

4.7 ANALYSIS OF INVESTMENT PATTERN OF INDIAN PRIVATE

SECTOR'S MUTUAL FUNDS.

Investment depends on the movement of financial market. The performance of particular industries or sectors improves, the investors will invest in it. If financial market are developed and matured then the fund manager can shift their investment freely according to their need. As compared to developed countries like USA, Japan, Hong Kong etc our markets are less matured, but during last few years they are also growing very fast in term of trading volume, number of listed companies, demat account holders, number of stock exchanges and on line trading mechanism. Because of economic reform, performances of Indian companies have improved and trading facilities having increased, FII have entered in Indian market for investment.

In December 2000, the BSE market capital stood at Rs.6911.62 crores & Rs.16,98,428 crores as on 31-3-05 and NSE Rs. 15,85,585 crores at the end of March 2005. Demat shares increased from 5.38 crores in December 2000 to 12866.3 crores as on March 2005. There are total 5929 listed stock in India as on December 2000. Nearly 6,897 scrip's are listed as on 5-march 2005. Total 416 cities having trading facilities in March 2005 in India.

Indian financial market provides many investment avenues which cover all kinds of investors having different objectives for investment. Indian financial market provides investment opportunities in equity, preference shares, debentures, deep bond, discount bonds, zero discount bonds, floating rate note, commercial paper, certificate of deposits, treasury bills, inter-corporate deposits, term deposits, collateral borrowing & lending etc. These avenues are also available to mutual funds.

Investment made by mutual funds, classified in to the following five categories:

1. Equity shares & Preference shares
2. Bonds and Debentures
3. Government Securities
4. Money Market Instruments.
5. Others.

The category of bonds and debentures includes privately placed bond and debenture, listed or awaiting listing on recognised stock exchange. They are

secured & unsecured bonds, perpetual & redeemable bonds, fixed interest rate bonds & floating interest bonds, Zero coupon bonds, Deep discount bonds, Capital index bonds, Secured & unsecured debentures, fully & partly converted debenture, non-convertible debenture etc.

Central and state government securities fall under the heading of government securities. Commercial paper, term deposits, certificate of deposits, securitised debt, T-Bill etc. are considered as money market instruments. Repo.investments, warrants, mibor, Collateralised Borrowing & Lending Obligation etc. are treated as others. Each investment instrument has its own features, advantages and drawback.

The investment pattern of Indian private mutual funds are analysed as company and investment objective wise.

4.7A COMPANY-WISE INVESTMENT PATTERN AND ANALYSIS OF PRIVATE SECTORS MUTUAL FUNDS.

Investment pattern of private sectors mutual funds according the investment alternative used to invest in their funds. As stated that above investment avenue is broadly classified in to five categories. They are equity and preferences shares, Bonds and Debentures, Government Securities, Money Market Securities and others.

1. ANALYSIS OF INVESTMENT PATTERN OF BENCHMARK MUTUAL FUND.

“Benchmark Mutual Fund has been sponsored by Niche Financial Service Pvt. Ltd. and was set up as a trust under the Indian Trust Act, 1882 through the trust deed dated February 14, 2001. The fund used indexing and quantitative approach to try achieving scheme’s investment objective. The philosophy of the fund is not to try to “beat” the markets they track and do not seek temporary defensive position when markets decline or appear over valued.”⁴

The below table indicate that during the year 2002 and 2003 entire investment were made in equity share and equity oriented investment instruments which are highly remunerative i.e. return on investment was high compared to other investment but this investment are subject to market risk. In the year 2004 only 50 % fund were invested in equity market, 33 % in Bond and Debenture and

4. Benchmark Mutual Fund Annual Trustees’ Report, year 2005 pp - 2.

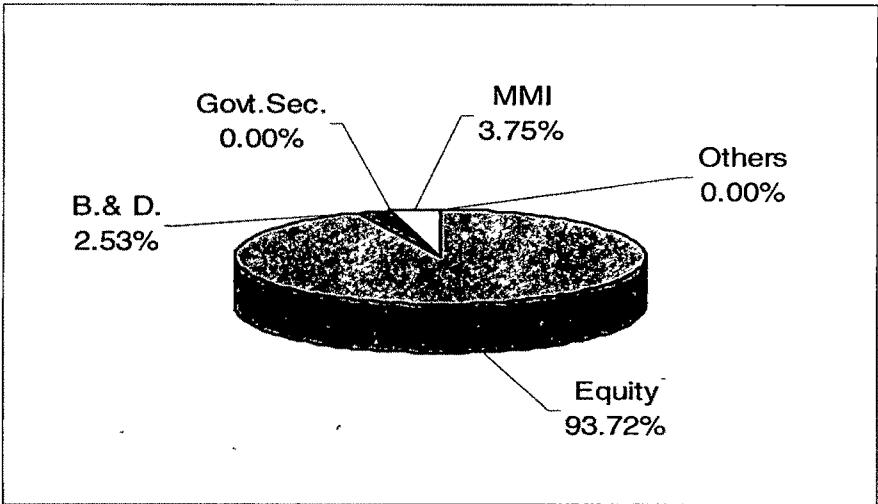
17 % in Money Market Instruments. In the year 2005, 97.15 % in equity shares and 2.85 % of its total investment was invested in Money Market Instruments. The yield on Government Securities and Money Market Instruments is secured but very low.

Table: 4.1 Investment Pattern Of Benchmark Mutual Fund. (Rs. crores)

Investment Avenues	2002	2003	2004	2005	Total
Equity Shares & Preference Shares	7.13	10.09	14.95	338.64	370.81
	[100]	[100]	[50.08]	[97.15]	[93.72]
Bonds and Debentures	0.00	0.00	10.00	0.00	10.00
	[0.00]	[0.00]	[33.50]	[0.00]	[2.53]
Government Securities	0.00	0.00	0.00	0.00	0.00
	[0.00]	[0.00]	[0.00]	[0.00]	[0.00]
Money Market Instruments	0.00	0.00	4.90	9.94	14.84
	[0.00]	[0.00]	[16.42]	[2.85]	[3.75]
Others	0.00	0.00	0.00	0.00	0.00
	[0.00]	[0.00]	[0.00]	[0.00]	[0.00]
TOTAL	7.13	10.09	29.85	348.58	395.65
%	100	100	100	100	100

Source : Annual Reports of Benchmark Mutual Fund.
 Figures in bracket indicate the percentage of investment.
 MMI: CP, CD, TB, SD,

Graph: 4.2 Investment Pattern Of Benchmark Mutual Fund.



The above pie chart reveals that benchmark mutual fund has invested about 94 % of their total funds of 2002 to 2005 in equity shares, followed by money market instruments and bonds and debentures. Whereas, there is no investment made in government securities.

2. ANALYSIS OF INVESTMENT PATTERN OF CHOLAMANDALAM M.F. :

Table: 4.2 Investment Pattern Of Cholamandalam Mutual Fund.

(Rs. crores)

Investment Avenues	2002	2003	2004	2005	Total
Equity Shares & Pref. Shares	23.81	16.78	29.77	219.73	290.09
	[3.28]	[2.17]	[3.16]	[18.26]	[7.96]
Bonds and Debentures	490.85	373.05	384.25	168.04	1416.19
	[67.60]	[48.21]	[40.75]	[13.97]	[38.84]
Government Securities	211.44	229.87	297.85	5.72	744.88
	[29.12]	[29.71]	[31.59]	[0.48]	[20.43]
Money Market Instruments	0.00	154.10	231.10	809.55	1194.75
	[0.00]	[19.91]	[24.51]	[67.29]	[32.77]
Others	0.00	0.00	0.00	0.00	0.00
	[0.00]	[0.00]	[0.00]	[0.00]	[0.00]
TOTAL	726.10	773.80	942.97	1203.04	3645.91
%	100	100	100	100	100

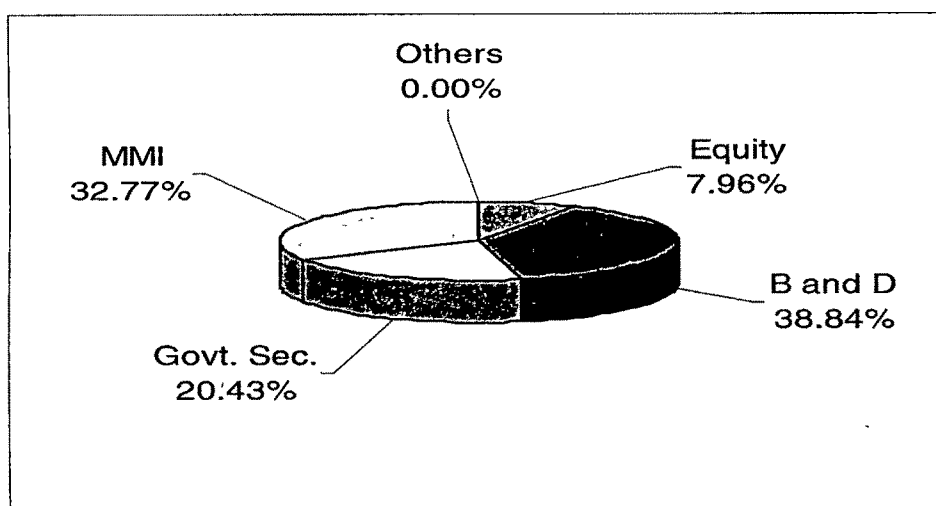
Source Annual Reports of Cholamandalam Mutual Fund.

Figures in bracket indicate the percentage of investment.

MMI: CP, CD, TB, SD,

Cholamandalam mutual fund has invested their total funds in bonds, debentures and in government securities, money market instruments and has not invested in others investment avenues like commercial paper, certificate of deposits T-bill etc. during the year 2002. Out of total investment, only 2 to 4 % was invested in equity market during 2002 to 2004. Investment in bonds & debentures remained popular up to 2004. Fund manager has strongly preferred safety and liquidity. But it is totally reverse in the year 2005. Place of bonds and debenture occupied by money market instruments and equity. Money market instruments got importance in the investment pattern of Cholamandalam mutual funds. There is an increasing trend noticed in MMI from 2002 to 2005. From no investment in MMI in the year 2002 to 67.29 % for the year 2005. Such a rapid growth in MMI has shown the importance of MMI during these 3 years. Similarly there is upward rising trends in equity market investment from 3.28 % to 18.26% from the year 2002 to 2005 but compared to MMI, investment in equity is less. From the data observed it can be very well interpreted that Cholamandalam launched new equity related schemes, steady corporate growth and obviously high return from equity. Overall observation of Cholamandalam investment indicates that its investment pattern is MMI oriented.

Graph: 4.3 Investment Pattern Of Cholamandalam Mutual Fund.



The above pie chart indicates that Cholamandalam mutual fund has invested highest funds in bond & debentures (38.84%) of their total funds during the period from 2002 to 2005, followed by money market instruments (32.77%) and Government securities (20.43%). Whereas, 7.96 % funds invested in equity shares, it shows that least priority is given to equity as investment avenue.

3. ANALYSIS OF INVESTMENT PATTERN OF ESCORTS MUTUAL FUND.

Table: 4.3 Investment Pattern Of Escorts Mutual Funds. (Rs. crores)

Investment Avenues	2002	2003	2004	2005	Total
Equity Shares & Pref. Shares	15.43	18.02	34.78	89.68	157.91
	[20.61]	[23.75]	[24.40]	[74.69]	[38.21]
Bonds and Debentures	8.37	3.49	99.43	29.47	140.76
	[11.18]	[4.60]	[69.77]	[24.54]	[34.06]
Government Securities	51.07	54.35	8.31	0.92	114.65
	[68.21]	[71.65]	[5.83]	[0.77]	[27.74]
Money Market Instruments	0.00	0.00	0.00	0.00	0.00
	[0.00]	[0.00]	[0.00]	[0.00]	[0.00]
Others	0.00	0.00	0.00	0.00	0.00
	[0.00]	[0.00]	[0.00]	[0.00]	[0.00]
TOTAL	74.87	75.86	142.52	120.07	413.32
%	100	100	100	100	100

Source : Annual Reports of Escorts Mutual Fund.

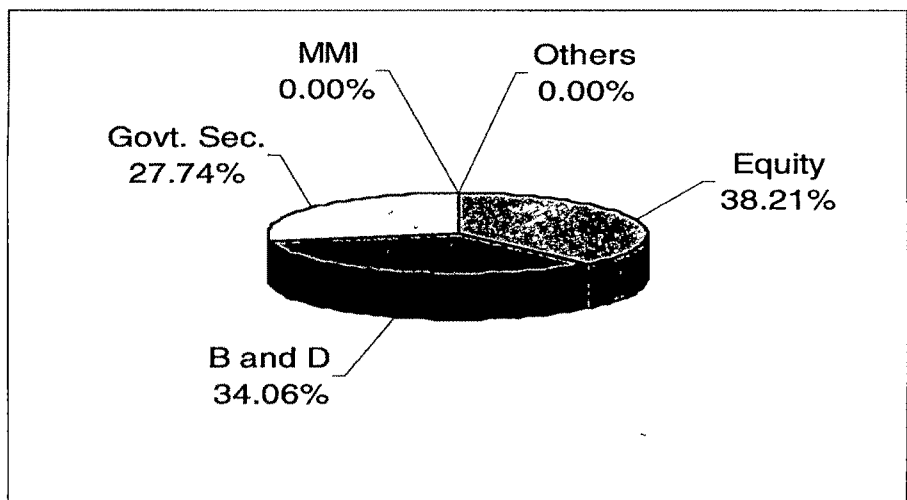
Figures in bracket indicate the percentage of investment.

MMI: CP, CD, TB, SD,

The trend of investment of Escorts mutual fund in equity and equity oriented instruments shows continuous upward rising. The company has invested 20.61 % of total investment in equity oriented instruments in the year 2002.

This increased nearly 3.5 times in equity share in the year 2005 that is 74.69 % of their total investments. During the year 2003, only 4.6% funds were invested in bond and debenture which is very low compared to year 2004 in which company has invested 69.76 % of its total investment. In the year 2004 investment of company has more dominated by bonds and debentures. Investment in Govt. Securities was more important in the year 2002; i.e. 68.21% investment of total funds. Trend continued to next year and then after, it totally change towards bonds and debentures oriented and then equity market oriented. There was no investment in MMI because the company did not have any liquid schemes of having the objective of liquidity. Moreover the fund manager might have given importance to safety and high return but not liquidity.

Graph: 4.4 Investment Pattern Of Escorts Mutual Fund.



The above pie Charts show that Escorts mutual fund has invested 38.21 % in equity, 34.06 % in bond & debentures and 27.74 % in government securities of their total funds during the period from 2002 to 2005.

4. ANALYSIS OF INVESTMENT PATTERN OF J M MUTUAL FUND. :

The below given table depicts that the highest investment has been made in bond & debenture with 46.78% than in govt. security with 34.82 % followed by money market instruments with 17.58 % and lowest investment in equity market i.e. only 0.82 % in 2003. During 2004, 5.33% in equity, 60.09 % in bond & debenture, 4.59 % in govt. securities and 30 % in money market instruments. The share of Equity investment increased from Rs.17.23 (0.82 %)

crores to Rs.120.06 (5.33 %) crores. In the next year it reached up to Rs. 251.42 (10.78 %) crores as well as share of bond & debenture investments raised from Rs.978.57 (46.78 %) crores to 1354.62 (60.09) crores but decline in the year 2005 to Rs.960.80(41.21%) crores. The same trend is observed in case of money market instruments. The year 2005 is more dominated by money market instruments which held 48 % of the total investment. So we can say the portfolio of investment turned from bond - debenture and govt. security to money market instruments and equity oriented instruments.

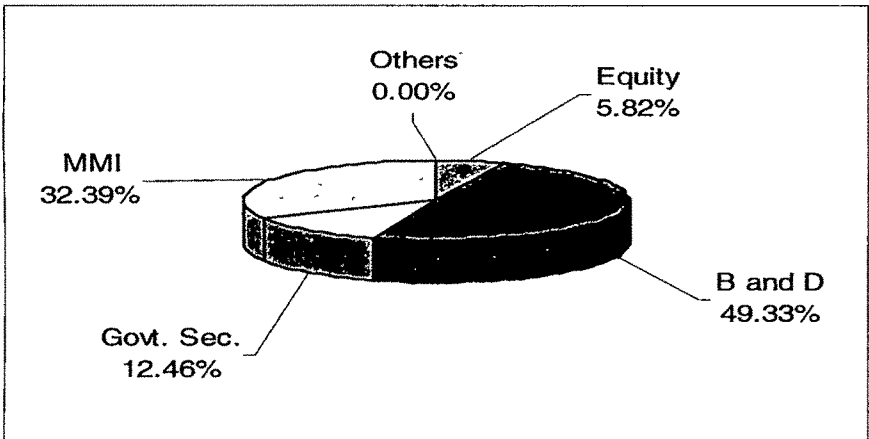
It may be due to new schemes launched with objective of ensuring adequate liquidity. In year 2005, two schemes have invested their maximum funds in money market instruments like Commercial Paper (CP), Certificate of Deposits (CD), Treasury Bills (TB), etc. J M High Liquid Schemes invested Rs. 192.01crores and JM Floater Fund invested Rs. 93.15 crores.

Table: 4.4 Investment Pattern Of J M Finance Mutual Funds. (Rs. crores)

Investment Avenues	2003	2004	2005	Total
Equity Shares & Pref. Shares	17.23	120.06	251.42	388.71
	[0.82]	[5.33]	[10.78]	[5.82]
Bonds and Debentures	978.57	1354.62	960.80	3293.99
	[46.78]	[60.09]	[41.21]	[49.33]
Government Securities	728.37	103.37	0.00	831.74
	[34.82]	[4.59]	[0.00]	[12.46]
Money Market Instruments	367.73	676.22	1119.15	2163.10
	[17.58]	[30.00]	[48.00]	[32.39]
Others	0.00	0.00	0.00	0.00
	[0.00]	[0.00]	[0.00]	[0.00]
TOTAL	2091.90	2254.27	2331.37	6677.54
%	100	100	100	100

Source : Annual Reports of J M Mutual Fund.
 Figures in bracket indicate the percentage of investment.
 MMI: CP, CD, TB, SD,

Graph: 4.5 Investment Pattern Of J M Mutual Fund.



J M Mutual Fund's pie chart depicts that bonds & debentures stood as the most popular investments with 49.33%, Money market instruments covered 32.39 %, government securities 12.46% and equity 5.82 % of their total investable funds during the years 2003 to 2005.

5. ANALYSIS OF INVESTMENT PATTERN OF KOTAK MUTUAL FUND.

Table: 4.5 Investment Pattern Of Kotak Mutual Funds.

(Rs crores)

Investment Avenues	2002	2003	2004	2005	Total
Equity Shares & Pref. Shares	130.46	116.47	476.24	869.24	1592.41
	[8.47]	[4.64]	[12.20]	[18.19]	[12.51]
Bonds and Debentures	604.02	1298.71	2000.27	1928.94	5831.94
	[39.21]	[51.77]	[51.26]	[40.38]	[45.82]
Government Securities	600.54	791.69	620.44	38.89	2051.56
	[38.99]	[31.56]	[15.90]	[0.81]	[16.12]
Money Market Instruments	205.29	301.73	714.23	1940.35	3161.60
	[13.33]	[12.03]	[18.30]	[40.62]	[24.84]
Others	0.00	0.00	90.99	0.00	90.99
	[0.00]	[0.00]	[2.33]	[0.00]	[0.71]
TOTAL	1540.31	2508.60	3902.17	4777.42	12728.50
%	100	100	100	100	100

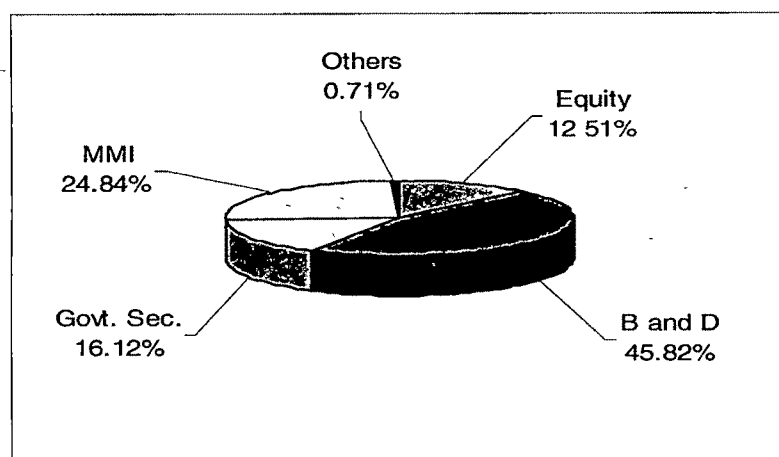
Source : Annual Reports of Kotak Mutual Fund.

Figures in bracket indicate the percentage of investment.

MMI- CP, CD, TB, SD, Others: Collateralised borrowing & Lending Obligation

It is interesting to note from the table that investment pattern of Kotak Mahendra mutual fund is oriented towards money market and bonds & debentures. The share of investment in money market instruments increased from Rs. 205.29 crore (13.33 %) in year 2002 to Rs. 1940.35 crore (40.42 %) in year 2005. Money market instruments added in the investment portfolio of Kotak Mahendra mutual fund. The investment in govt. security has registered down trend. The share of investment in govt. securities has decreased from Rs. 600.54 crore (38.99 %) in 2002 to 38.89 crore (0.81 %) in 2005. In the years 2002 and 2003, bonds & debenture and govt. securities were more popular for investment. In the year 2004 & 2005 bonds & debentures and money market instruments became popular where as the share of govt. security has become almost negligible.

Graph: 4.6 Investment Pattern Of Kotak Mahindra Mutual Fund.



The above pie chart reveals that the incidence of investment in bonds and debentures is the highest. Investment in money market instruments observed second highest which is about 25 %, equity 12.51 % , government securities 16.12% and other 0.71% of their total funds.

6. ANALYSIS OF INVESTMENT PATTERN OF RELIANCE MUTUAL FUND.

Table: 4.6 Investment Pattern Of Reliance Mutual Funds. (Rs. crores)

Investment Avenues	2003	2004	2005	Total
Equity Shares & Pref. Shares	68.12	1311.74	3054.13	4433.99
	[12.39]	[22.35]	[42.08]	[28.91]
Bonds and Debentures	1671.98	3603.18	1573.92	6849.08
	[75.65]	[61.39]	[21.69]	[44.66]
Government Securities	237.96	710.54	37.36	985.86
	[10.77]	[12.11]	[0.51]	[6.43]
Money Market Instruments	232.17	244.07	1585.13	2061.37
	[10.50]	[4.16]	[21.84]	[13.44]
Others	0.00	0.00	1006.89	1006.89
	[0.00]	[0.00]	[13.87]	[6.57]
TOTAL	2210.23	5869.53	7257.43	15337.19
%	100	100	100	100

Source : Annual Reports of Reliance Mutual Fund.

Figures in bracket indicate the percentage of investment.

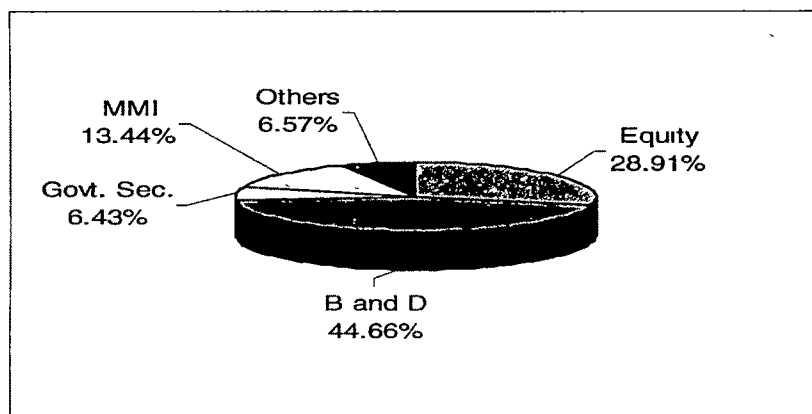
MM : CP, CD, TB, SD.

Others : Repo. Investments.

Investment pattern of Reliance mutual fund is oriented towards bonds & debenture in 2003. Fund manager has invested more and more in fixed income securities in year 2003. In 2003, bonds & debenture has claimed 75.65 % of total investment. Subsequently it started falling down. Investment in bonds &

debentures and govt. securities in percentage term as well as absolute term plunged from 2003 to 2005. The table indicates a steep rise in the percentage of funds that were invested in equity and money market instruments. Investment portfolio was bonds & debenture dominated in 2003 & 2004. In 2002 and 2003, the share in investment of bonds and debenture was Rs. 1671.98 crores (75.65 %) & Rs. 3603.18 crores (61.39 %) respectively. It has been converted in equity dominated portfolio in 2005. The share of equity investment has Rs.3054.13 crores (42.08 %) in 2005.

Graph: 4.7 Investment Pattern Of Reliance Mutual Fund.



From the above chart it is cleared that Reliance mutual fund has given more priority to bonds and debentures, equity comes next with 28.91% investment. 6.57 % funds used in repurchase of their units from the unit holders.

7. ANALYSIS OF INVESTMENT PATTERN OF SUNDARAM MUTUAL FUND.:

The fund manager has invested Rs.372.6 crores (60.69 %) in bond & debentures, Rs. 156.01 crores (25.41 %) in govt. securities, Rs. 43.75 crores (7.13 %) in money market instruments and Rs. 41.57 crores (6.77 %) in equity instruments in the years 2002. There is a balance in return and safety, key factors to decide investment pattern. Bond and debenture remain more dominant even in the year of 2003 and 2004. The investment pattern of this company has brought changes such as equity oriented investment became more effective and preferable by fund manager. The share of equity investment is Rs. 708.23 crores (45.17 %) which was only 6.77 % in 2002. It rose by 6.77 times. The portfolio holds money market instruments also. Its investment increased from Rs.43.75crores (7.13 %) in 2002 to Rs.494.17 crores (31.51 %) in 2005. The share of bonds & debenture and

government securities in investment registered a down ward trend. It indicates that yield on bonds & debenture and govt. securities is secured but it is very low compared to other investments. The money market instruments also emerged as preferred financial assets since last two years. There has been significant shift of investments of Sundaram mutual fund from fixed income securities to equity shares.

Table:4.7 Investment Pattern Of Sundaram Mutual Fund. (Rs crores)

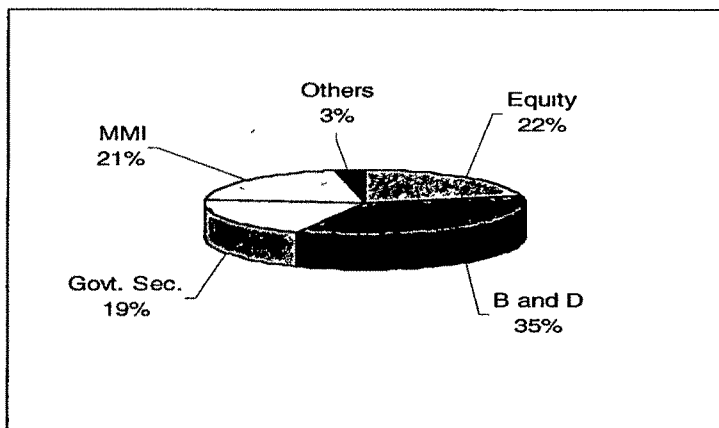
Investment Avenues	2002	2003	2004	2005	Total
Equity Shares & Pref. Shares	41.57	50.46	304.00	708.23	1104.26
	[8.44]	[4.79]	[16.18]	[45.17]	[21.59]
Bonds and Debentures	372.63	541.44	672.87	214.45	1801.39
	[60.69]	[51.36]	[35.82]	[13.68]	[35.22]
Government Securities	156.01	379.83	461.13	0.00	996.97
	[25.41]	[36.03]	[24.55]	[0.00]	[19.49]
Money Market Instruments	43.75	82.42	440.52	494.17	1060.86
	[7.13]	[7.82]	[23.45]	[31.51]	[20.74]
Others	0.00	0.00	0.00	151.24	151.24
	[0.00]	[0.00]	[0.00]	[9.64]	[2.96]
TOTAL	613.96	1054.15	1878.52	1568.09	5114.72
%	100	100	100	100	100.00

Source : Annual Reports of Sundaram Mutual Fund.

Figures in bracket indicate the percentage of investment.

MM : CP, CD, TB, SD Others: Repo. Investments.

Graph: 4.8 Investment Pattern Of Sundaram Mutual Fund.



The above Chart shows trend that Sundaram mutual fund have balanced investment pattern. It means no much investment in any one or two types of investment avenue. It has invested 35.22 in bond & debentures, 21.59 % in equity, 20.74 % in Money market instruments and 19.49 % in government securities of their total funds during the period from 2002 to 2005.

8. ANALYSIS OF INVESTMENT PATTERN OF TATA MUTUAL FUNDS.

Table: 4.8 Investment Pattern Of Tata Mutual Fund. (Rs. crores)

Investment Avenues	2002	2003	2004	2005	Total
Equity Shares & Pref. Shares	201.71	189.02	763.35	1477.04	2631.12
	[40.93]	[22.03]	[23.00]	[25.93]	[24.66]
Bonds and Debentures	313.02	294.12	871.62	1107.47	2586.23
	[39.42]	[34.29]	[26.26]	[19.44]	[24.24]
Government Securities	216.31	259.40	756.47	230.87	1463.05
	[27.24]	[30.24]	[22.79]	[4.05]	[13.71]
Money Market Instruments	37.10	110.29	896.99	2555.60	3599.98
	[4.67]	[12.86]	[27.03]	[44.86]	[33.75]
Others	25.99	5.00	30.35	326.04	387.38
	[3.27]	[0.58]	[0.91]	[5.72]	[3.63]
TOTAL	794.13	857.83	3318.78	5697.02	10667.76
%	100	100	100	100	100.00

Source : Annual Reports of Tata Mutual Fund.

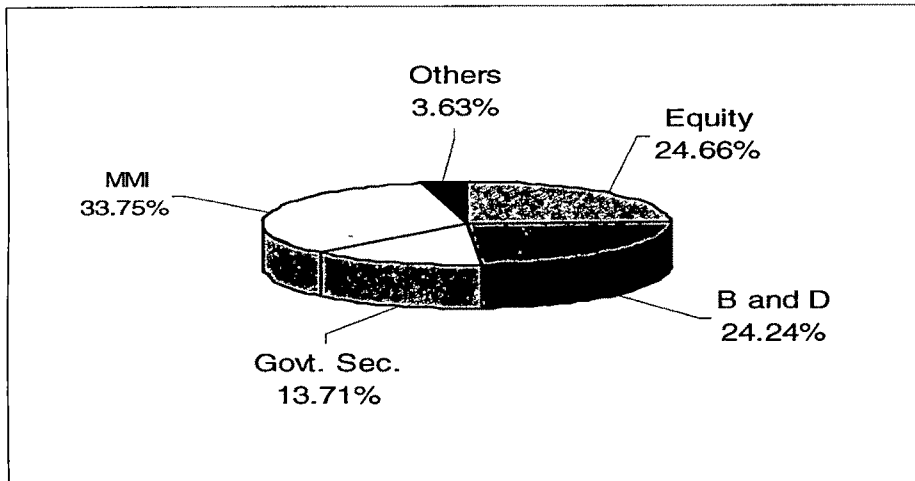
Figures in bracket indicate the percentage of investment

MM : CP, CD, TB, SD Others Repo. Investments

The table reflect that the bonds & debentures stood as attractive investment instruments followed with equity having a less margin, govt. securities and more margins of money market instruments in the year 2002. The share of equity investment remains more or less same from 2002 to 2005. There is a decreasing trend in case of investment in bonds & debentures in terms of percentage. The investment was 39.42 % in bonds & debentures in 2002 whereas it comes down to 19.44 %. The absolute amount increased from Rs. 313.02 crores in 2002 to 1107.47 crores in 2005. In 2005 money market instruments became attractive instruments for investment next to equity shares. Lowest investment made by fund manager in govt. Securities in 2005.

The below chart indicates that the Tata mutual fund has invested 33.75% in money market instruments of their total funds during the period from 2002 to 2005, followed by equity shares, bonds & debentures, government securities and others.

Graph: 4.9 Investment Pattern Of Tata Mutual Fund.



9. ANALYSIS OF INVESTMENT PATTERN OF TAURUS MUTUAL FUND.

Table: 4.9 Investment Pattern Of Taurus Mutual Funds. (Rs. crores)

Investment Avenues	2002	2003	2004	2005	Total
Equity Shares & Pref. Shares	72.68 [14.75]	63.39 [91.87]	115.73 [69.01]	148.55 [91.11]	400.35 [83.30]
Bonds and Debentures	5.83 [7.21]	3.75 [5.43]	45.92 [27.38]	12.83 [7.87]	68.33 [14.22]
Government Securities	2.32 [2.87]	1.86 [2.70]	6.04 [3.60]	1.67 [1.02]	11.89 [2.47]
Money Market Instruments	0.00 [0.00]	0.00 [0.00]	0.00 [0.00]	0.00 [0.00]	0.00 [0.00]
Others	0.02 [0.02]	0.00 [0.00]	0.00 [0.00]	0.00 [0.00]	0.02 [0.00]
TOTAL	80.85	69.00	167.69	163.05	480.59
%	100	100	100	100	100.00

Source . Annual Reports of Taurus Mutual Fund.

Figures in bracket indicate the percentage of investment.

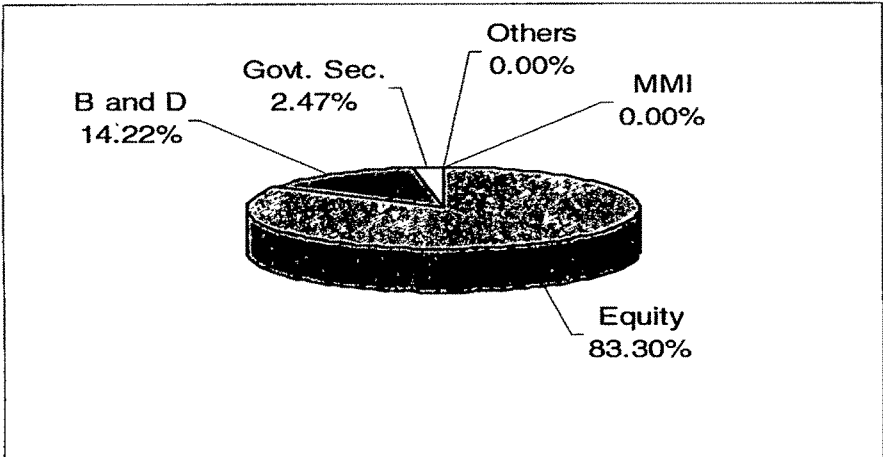
MM : CP, CD, TB, SD.

Others: Warrants.

In analysing above data, it is observed that equity & equity oriented instruments stood as most favourable investment tool than any other from 2002 to 2005. It covers 70 to 90 percentage of total investment made by company from 2002 to 2005. Fund manager preferred equity market, may be due to some extraordinary corporate performance, FII inflow in Indian equity market and retain investor attracted towards equity. The share of bonds & debentures in investment remain between 7 to 27.38 percentages and in govt. Securities between 1 to 4

% from 2002 to 2005. It is interesting to note that the Taurus mutual fund has not invested in money market instruments. We may say that Taurus mutual fund has invested their maximum fund in equity and equity oriented because its maximum schemes has objectives to invest in equity market and earn high return.

Graph: 4.10 Investment Pattern Of Taurus Mutual Fund.



The above chart indicates that equity shares stood as the most popular instruments of investments followed by with a wide margin, by bonds and debentures and government securities. 83.30 % out of total investable funds during the reference period has invested in equity shares, 14.22 % in bonds & debentures and 2.47 % invested in government securities.

4.7B INSTRUMENT WISE INVESTMENT PATTERN AND ANALYSIS.

As part of economic reforms mechanism, private sector was allowed to enter in mutual fund. In 2002-2003, private sector’s mutual funds mobilised net resources Rs. 1559.50 crores nearly 4 times of net resources mobilised by bank and financial institutional are sponsored mutual funds. Private sector mutual funds mobilised the highest fund in 2004 Rs. 42544, bank and FI-sponsored mutual funds stood second with Rs. 2597.01 crores and UTI stood in third position with net resources mobilised Rs. 1666.92 crores in 2004. Contribution of private sector’s mutual funds in development of mutual fund industry is increasing therefore it became imperative to analyse investment pattern of private sector’s mutual funds.

1. INVESTMENTS IN EQUITY:

**Table: 4.10 Comparison Of Private Sectors Mutual Fund
About Investment In Equity.**

(Rs. Crores)

Mutual Funds	2002	2003	2004	2005	Total
Benchmark M.F.	7.13	10.09	14.95	338.64	370.81
	[100]	[100]	[50.08]	[97.15]	[3.26]
Cholamandalam M.F.	23.81	16.78	29.77	219.73	290.09
	[3.28]	[2.17]	[3.16]	[18.26]	[2.55]
Escorts M.F.	15.43	18.02	34.78	89.68	157.91
	[20.61]	[23.75]	[24.40]	[74.69]	[1.39]
JM Financial M.F.	N/A	17.23	120.06	251.42	388.71
		[0.82]	[5.33]	[10.78]	[3.42]
Kotak Mahindra M.F.	130.46	116.47	476.24	869.24	1592.41
	[8.47]	[4.64]	[12.20]	[18.19]	[14.01]
Reliance M.F.	N/A	68.12	1311.74	3054.13	4433.99
		[3.08]	[22.35]	[42.08]	[39.00]
Sundaram M.F.	41.57	50.46	304.00	708.23	1104.26
	[6.77]	[4.79]	[16.18]	[45.17]	[9.71]
Tata M.F.	201.71	189.02	763.35	1477.04	2631.12
	[25.40]	[22.03]	[23.00]	[25.93]	[23.14]
Taurus M.F.	72.68	63.39	115.73	148.55	400.35
	[89.89]	[91.87]	[69.01]	[91.11]	[3.52]
Total Investment	492.79	549.58	3170.62	7156.66	11369.65

Source : Annual Reports of Mutual Funds.

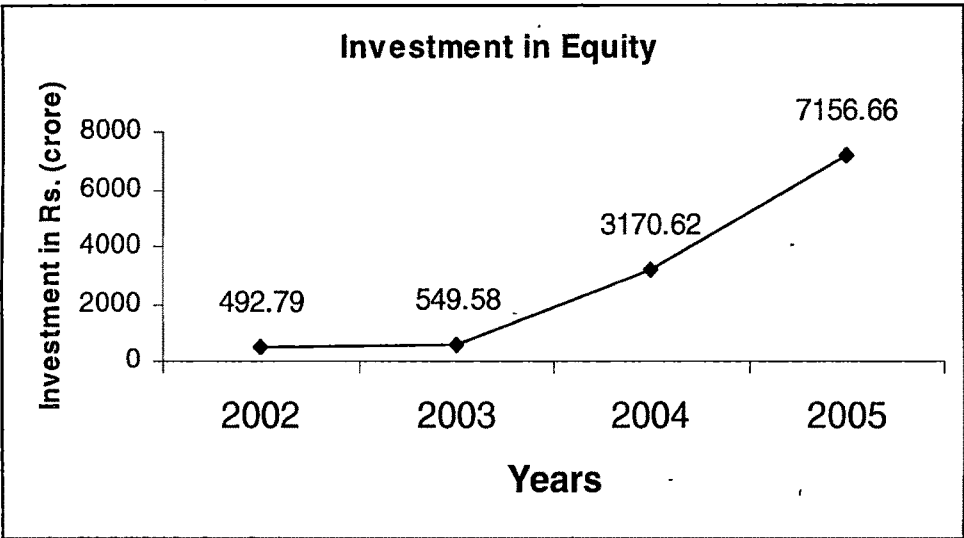
Figures in bracket indicate the percentages of own investment.

The data of above table indicate that total investment made by seven private Indian mutual funds company in equity and equity oriented instruments is Rs. 492.79 crores in the year 2002. The investment of Tata M.F. is the highest with Rs. 201.71 crores which is 40.93 % of total investment in equity. Whereas the total share of Benchmark M.F., Cholamandalam M.F., Escorts M.F. and Sundaram M.F. have 17.85 % of total equity investment. In the year 2003, once again captured 34.63 % of total equity investments. The Reliance became main investors in equity by investing 41.37 % and 42.68 % of total investment in equities during the year 2004 & 2005. Its share was only 12.39 % in 2003 which jumped up to 42.68 % of total equity investment in 2005.

From the above data observed it can be very well interpreted that Benchmark M.F. has invested nearly 100 % of its total investment during the year

2002, 2003 & 2005. Its share of investment is half of the share of year 2003 in the year 2004. Company has given priority to high return with more risk. Reliance M.F. has invested only Rs. 68.12 corers in year 2003 which increased up to 3054.13 crores in 2005, its investment increased very high from 3.08 % of its total investment to 42.08 % in the year 2005. All most, all companies share in equity investment out of which their total investment has increased substantially. This shows that in India, return on equity is good compared to other investment instruments and as a result Indian capital market get fast boost. Capital appreciation, attracting mutual fund industry in equity market.

Graph : 4.11 Investment In Equity By Private Sectors Mutual Funds.



The Investment in equity graph shows continuous increasing trend from 2002 to 2005. Investment in equity increased very slowly upto 2003. After the 2003, investment in it rose rapidly.

2. INVESTMENT IN BONDS AND DEBENTURES:

Table 4.11 indicates the investment of selected private sector’s mutual funds of India. It disclosed the investment made by each mutual fund in bond and debenture from year 2002 to 2005.

As mentioned earlier Benchmark M.F. invested their maximum share of its total fund in equity therefore its is zero % in Bonds & Debentures in year 2002, 2003 and 2005. In the year 2004, it has invested 33.50 % of its total investments which only 0.11 % of total investment of private sectors in Bonds and Debentures during this period. Data of Cholamandalam mutual fund depicts

down word trends of investment in bonds and debentures from the year 2002 to 2005. Its share dropped 13.97 % of total investment as well as to 40.75 % from 48.21 % and 67.60 % in 2005, 2004, 2003 & 2002 respectively.

Out of seven mutual funds company, four mutual funds company have invested more in Bonds and Debentures compared to other investment like equity, govt. security, money market instruments etc in the year 2002. Chola mandalam has invested 67.60 %, Sundaram M.F. 60.69 %, Tata M.F. 39.42% and Kotak Mahindra 39.21% of theirs total investment. Investment of Chola mandalam M.F., Sundaram M.F., Tata M.F., Kotak Mahindra M.F., J.M. Finance M.F., and Reliance M.F remains more in Bonds & Debentures in the year 2003.

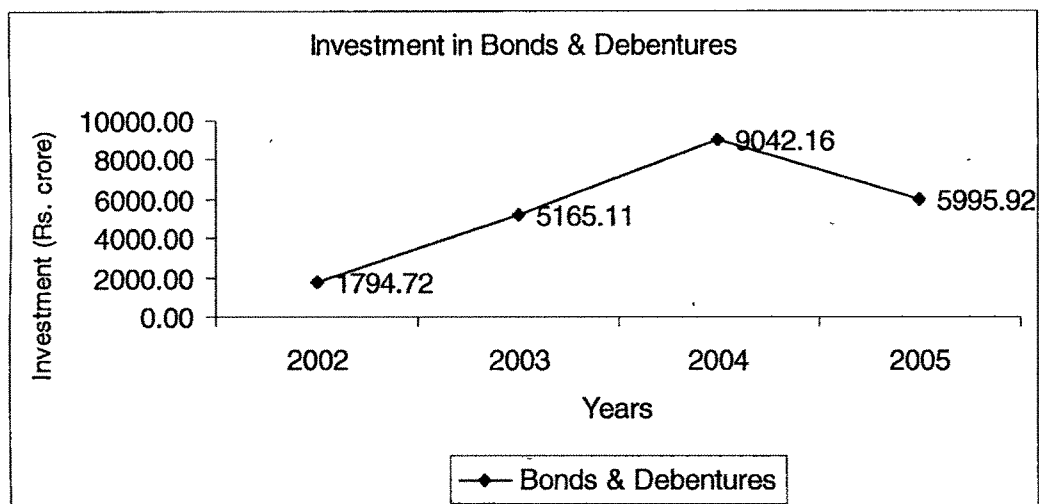
**Table: 4.11 Comparison Of Private Sectors Mutual Fund About Investment
In Bonds & Debentures.** (Rs. Crores)

Mutual Funds	2002	2003	2004	2005	Total
Benchmark M.F.	0.00	0.00	10.00	0.00	10.00
	[0.00]	[0.00]	[33.50]	[0.00]	[0.05]
Chola mandalam M.F.	490.85	373.05	384.25	168.04	1416.19
	[67.60]	[48.21]	[40.75]	[13.97]	[6.44]
Escorts M.F.	8.37	3.49	99.43	29.47	140.76
	[11.18]	[4.60]	[69.77]	[24.54]	[0.64]
JM Financial M.F.	N/A	978.57	1354.62	960.80	3293.99
		[46.78]	[60.09]	[41.21]	[14.97]
Kotak Mahindra M.F.	604.02	1298.71	2000.27	1928.94	5831.94
	[39.21]	[51.77]	[51.26]	[40.38]	[26.51]
Reliance M.F.	N/A	1671.98	3603.18	1573.92	6849.08
		[75.65]	[61.39]	[21.69]	[31.14]
Sundaram M.F.	372.63	541.44	672.87	214.45	1801.39
	[60.69]	[51.36]	[35.82]	[13.68]	[8.19]
Tata M.F.	313.02	294.12	871.62	1107.47	2586.23
	[39.42]	[34.29]	[26.26]	[19.44]	[11.76]
Taurus M.F.	5.83	3.75	45.92	12.83	68.33
	[7.21]	[5.43]	[27.38]	[7.87]	[0.31]
Total Investment	1794.72	5165.11	9042.16	5995.92	21997.91

Source : Annual Reports of Mutual Funds.

Figures in bracket indicate the percentages of own investment.

Graph : 4.12 Investment In Bonds & Debentures By Private Sectors M.Fs.



The above graph reveals that the investment in bonds & debentures shows increasing trend from 2002 to 2004. After 2005, it shows down trend of investment in it

3. INVESTMENT IN GOVERNMENT SECURITIES:

Table: 4.12 Comparison Of Private Sectors Mutual Fund About Investment In Government Securities.

(Rs Crores)					
Mutual Funds	2002	2003	2004	2005	Total
Benchmark M.F.	0.00	0.00	0.00	0.00	0.00
	[0.00]	[0.00]	[0.00]	[0.00]	0.00
Cholamandalam M.F.	211.44	229.87	297.85	5.72	744.88
	[29.12]	[29.71]	[31.59]	[0.48]	10.34
Escorts M.F.	51.07	54.35	8.31	0.92	114.65
	[68.21]	[71.65]	[5.83]	[0.77]	1.59
J M Financial M.F.	N/A	728.37	103.37	0.00	831.74
		[34.82]	[4.59]	[0.00]	11.55
Kotak Mahindra M.F.	600.54	791.69	620.44	38.89	2051.56
	[38.99]	[31.56]	[15.90]	[0.81]	28.49
Reliance M.F.	N/A	237.96	710.54	37.36	985.86
		[10.77]	[12.11]	[0.51]	13.69
Sundaram M.F.	156.01	379.83	461.13	0.00	996.97
	[25.41]	[36.03]	[24.55]	[0.00]	13.85
Tata M.F.	216.31	259.40	756.47	230.87	1463.05
	[27.24]	[30.24]	[22.79]	[4.05]	20.32
Taurus M.F.	2.32	1.86	6.04	1.67	11.89
	[2.87]	[2.70]	[3.60]	[1.02]	0.17
Total Investment	1237.69	2683.33	2964.15	315.43	7200.60

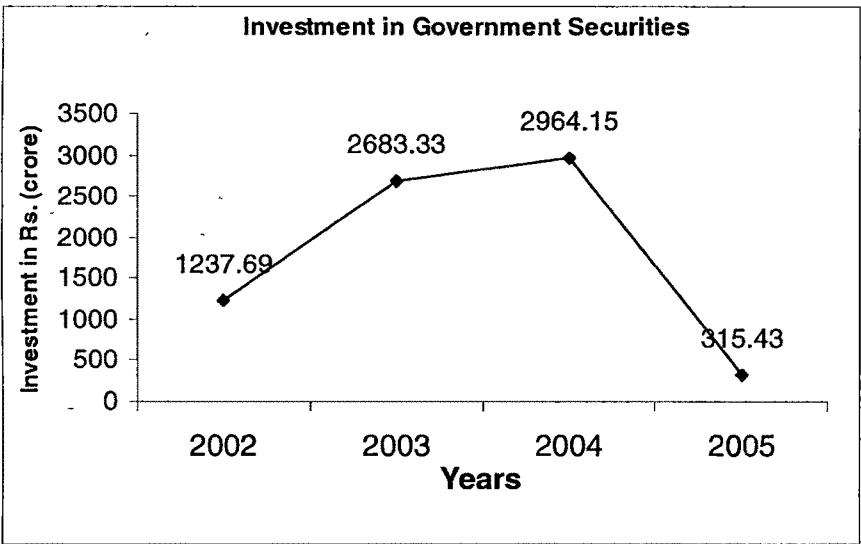
Source : Annual Reports of Mutual Funds.

Figures in bracket indicate the percentages of own investment

Total investment in government securities Rs. 1237.69 crores in the year 2002 which rose up to Rs. 2964.15 crores in 2004. Data disclose five out of nine mutual funds company have steadily and gradually increased their investment and three has decreased their investment in government securities compared to other instrument. The year 2005 is the year of highest downfall in government securities. All the company have withdrawn their investments from the government securities. It is interesting to note that investment of JM Finance was Rs. 728.37 crores which came down up to Rs.103.37 crores and then turned to Zero in the year 2005.

Table 4.12 indicate that Kotak Mahindra M.F. has invested highest amount during the year 2002 & 2003. During the year invested Rs. 600.54 crores (38.99 %) and Rs. 620.44 crores (31.56 %) was invested by Mahindra M.F. Escorts M.F. has invested 68.21 % out of its total investment in the year 2002. Investment of Chola mandalam M.F. increased from Rs.211.44 crores (29.12 %) to 297.85 crores (31.59 %) from 2002 to 2004 but in the year 2005, it is only Rs.5.72 crores (0.48 %). In year 2005 Tata M.F. has invested Rs 230.87 crores. Investment in Government Securities touched their bottom level. All companies have kept their investment between 0.5 % to 1 % of their total investment except Tata M.F. The above data prove that Investment in government securities is less preferred to the retail investors as well as corporate investors.

**Graph : 4.13 Investment In Government Securities By
Indian Private Sectors M.F.**



The above graph indicates that the investment in government security shows increasing trend from 2002 to 2004 but at a less margin. After 2005, it shows steep down trend of investment in it.

4. INVESTMENT OF M.F. IN MONEY MARKET INSTRUMENT (MMI):

The investment in MMI registered an upwards trend in case of all the companies from the year 2002 to 2005. Kotak Mahindra stood at first position by investing Rs. 205 crores which is 71.74 % of total investment in MMI. In the year 2003 JM Finance M.F. has invested highest amount i.e. Rs. 367.73 crores. Escorts M.F. & Taurus M.F. have not invested in MMI whereas Benchmark M.F. has invested only Rs.4.90 crores and crores Rs 9.94 during the year 2004 & 2005. Tata M.F. has made highest investment Rs. 2555.6 crores and captured 30.02 % shares of total investment in MMI.

Table: 4.13 Comparison Of Private Sectors Mutual Fund About Investment In Money Market Instruments. (Rs Crores)

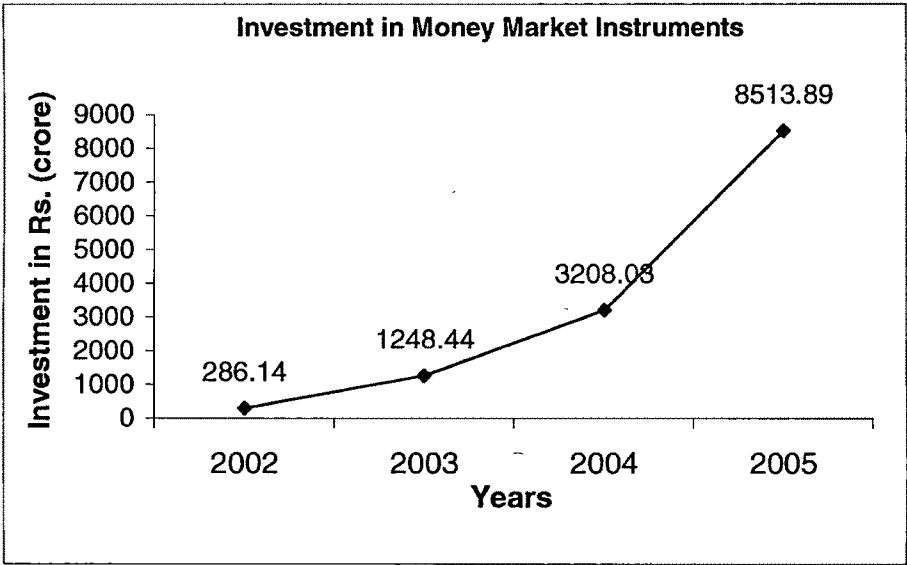
Mutual Funds	2002	2003	2004	2005	Total
Benchmark M.F.	0.00	0.00	4.90	9.94	14.84
	[0.00]	[0.00]	[16.42]	[2.85]	[0.11]
Cholamandalam M.F.	0.00	154.10	231.10	809.55	1194.75
	[0.00]	[19.91]	[24.51]	[67.29]	[9.01]
Escorts M.F.	0.00	0.00	0.00	0.00	0.00
	[0.00]	[0.00]	[0.00]	[0.00]	[0.00]
J M Financial M.F.	N/A	367.73	676.22	1119.15	2163.10
		[17.58]	[30.00]	[48.00]	[16.32]
Kotak Mahindra M.F.	205.29	301.73	714.23	1940.35	3161.60
	[13.33]	[12.03]	[18.30]	[40.62]	[23.85]
Reliance M.F.	N/A	232.17	244.07	1585.13	2061.37
		[10.50]	[4.16]	[21.84]	[15.55]
Sundaram M.F.	43.75	82.42	440.52	494.17	1060.86
	[7.13]	[7.82]	[23.45]	[31.51]	[8.00]
Tata M.F.	37.10	110.29	896.99	2555.60	3599.98
	[4.67]	[12.86]	[27.03]	[44.86]	[27.16]
Taurus M.F.	0.00	0.00	0.00	0.00	0.00
	[0.00]	[0.00]	[0.00]	[0.00]	[0.00]
Total Investment	286.14	1248.44	3208.03	8513.89	13256.50

Source : Annual Reports of Mutual Funds

Figures in bracket indicate the percentages of own investment.

In the year 2002, Kotak Mahindra M.F. has invested 13.33 % out of its total investment. Whereas Sundaram M.F. has invested 7.13 %, and Tata M.F. has invested 4.67 % out of their total investment. Choalmadalam M.F. has invested Rs. 154.10 crores (19.91 %) in the year 2003 which climbed up to Rs. 809.55 crores (68.49 %) in the year 2005. Almost all companies have increased their investment in MMI. There was a growth of investment in MMI which shows the importance of MMI during 2002 to 2005.

Graph: 4.14 Investment In MMI By Indian Private Sectors M.F.



The investment graph of Money market instruments have continuous increasing trend from 2002 to 2005. It shows that MMI attracted very high investment in the year 2005.

5. INVESTMENT OF M.F. IN OTHERS:

The below given table indicate investment made by mutual fund companies in other than equity, preference shares, Bonds & Debentures, Government Securities. Investments in others includes Collateralised borrowing & lending obligation, repo. investment, warrants and mibor. Investments in other categories are for very short periods, therefore wide fluctuation are found in it. It is a time gap arrangements still the best alternative is available for investment.

Table: 4.14 Comparison Of Private Sectors M. F. About Investment In Others.(Rs Crores)

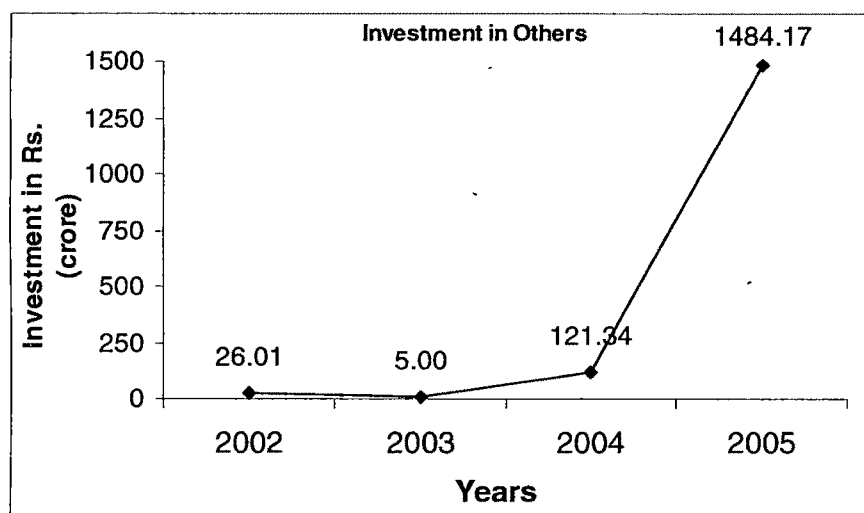
Mutual Funds	2002	2003	2004	2005	Total
Benchmark M.F.	0.00 [0.00]	0.00 [0.00]	0.00 [0.00]	0.00 [0.00]	0.00 [0.00]
Cholamandalam M.F.	0.00 [0.00]	0.00 [0.00]	0.00 [0.00]	0.00 [0.00]	0.00 [0.00]
Escorts M.F.	0.00 [0.00]	0.00 [0.00]	0.00 [0.00]	0.00 [0.00]	0.00 [0.00]
JM Financial M.F.	N/A [0.00]	0.00 [0.00]	0.00 [0.00]	0.00 [0.00]	0.00 [0.00]
Kotak Mahindra M.F.	0.00 [0.00]	0.00 [0.00]	90.99 [2.33]	0.00 [0.00]	90.99 [5.56]
Reliance M.F.	N/A [0.00]	0.00 [0.00]	0.00 [0.00]	1006.89 [13.87]	1006.89 [61.53]
Sundaram M.F.	0.00 [0.00]	0.00 [0.00]	0.00 [0.00]	151.24 [9.64]	151.24 [9.24]
Tata M.F.	25.99 [3.27]	5.00 [0.58]	30.35 [0.91]	326.04 [5.72]	387.38 [23.67]
Taurus M.F.	0.02 [0.02]	0.00 [0.00]	0.00 [0.00]	0.00 [0.00]	0.02 [0.00]
Total Investment	26.01	5.00	121.34	1484.17	1636.52

Source . Annual Reports of Mutual Funds

Figures in bracket indicate the percentages of own investment.

Kotak Mahindra M.F. has invested Rs.90.99 crores in collateralised borrowing & lending obligation for a short period and withdrew their investment in the year 2005. Reliance M.F. and Sundaram have invested in repo. investment i.e. repurchased their own units. Tata M.F. has kept their fund in warrants. While Benchmark M.F., Cholamandalam M.F., Escorts M.F. and J M M.F. have not invested in such other instruments during the study period.

Graph : 4.15 Investment In Others By Indian Private Sectors M.F.



The above graph indicates that the investment in others decline from 2002 to 2003, after this it registered their increasing trend.

6. OVERALL INVESTMENT PATTERN OF INDIAN PRIVATE SECTOR'S M.F.

Table: 4.15 Overall Investment Pattern Of Indian Private Sectors M.F. (Rs Crore)

Investment Avenues	2002	2003	2004	2005	Total
Equity Shares & Pref. Shares	492.79	549.58	3170.62	7156.66	11369.65
	[12.84]	[5.69]	[17.13]	[30.50]	[20.50]
Bonds & Debentures	1794.72	5165.11	9042.16	5995.92	21997.91
	[46.77]	[53.52]	[48.86]	[25.55]	[39.66]
Government Securities	1237.69	2683.33	2964.15	315.43	7200.60
	[32.25]	[27.80]	[16.02]	[1.34]	[12.98]
Money market Instruments	286.14	1248.44	3208.03	8513.89	13256.50
	[7.46]	[12.94]	[17.33]	[36.28]	[23.90]
Others	26.01	5.00	121.34	1484.17	1636.52
	[0.68]	[0.05]	[0.66]	[6.32]	[2.95]
Total investment	3837.35	9651.46	18506.30	23466.07	55461.18

Source : Annual Reports of Mutual Funds

MMI. CP, CD, TB, SD, Others: Warrants, M.F., Repo. Investments,

Figures in bracket indicate the percentages of own investment.

If we summarised the data year wise than from 2002 to 2003, Investment pattern of Indian Private Sector's mutual funds were more in Bonds & Debentures. It has claimed 46.77 % to 53.52 % shares in total investment from 2002 to 2003. The shares of bonds and debentures started to decrease from the year 2004 but still highest investment is made by mutual funds company in it. Therefore bonds & debenture remain more important in the investments portfolio of Indian private mutual funds from 2002 to 2004. In 2005, investment portfolio turned more toward money market instruments and equity oriented instruments from bonds & debentures. Contribution of equity and money market instruments continuously increased whereas the share of government securities continuously decreased.

The share of equity increased may be, due to more and more primary issues which came in the market, growth and ELSS oriented schemes launched by mutual fund industry. There were 17 Liquid/MMI schemes in 1998-99 which came-up, up to 39 in 2005, corporate sector invest their fund in liquid schemes rather than bank because now mutual funds provide fast withdrawal facility with

more return. These two reasons attracted fund manager and investors to invest in money market instruments. Investments in others include collateralised borrowing & lending obligation, repo. investment, warrants and mibor. Investments in other categories are for very short periods, therefore wide fluctuation found in it. It is a time gap arrangements still it is the best alternative available for investment. In 2005 total investment in other category is Rs. 1484.17crores which is large amount compared to year 2002, 2003 and 2004. It may be due to repurchase of own units by Sundaram M.F., Reliance M.F. and Tata M.F.

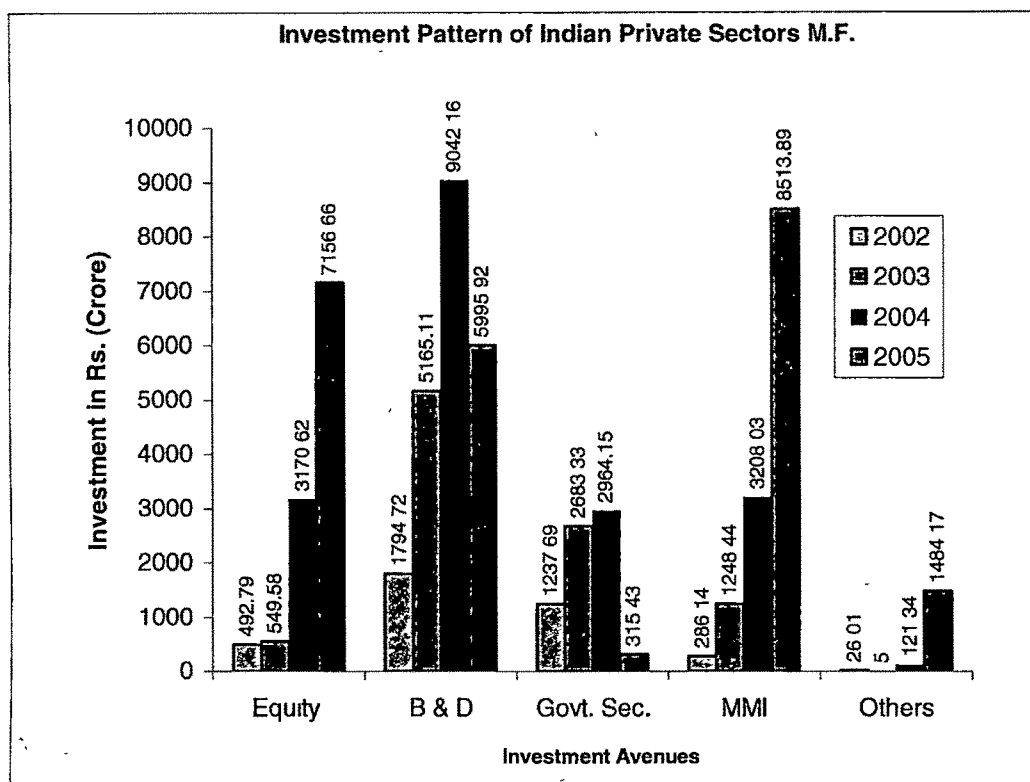
The chart 4.16 depicts that there is increasing trend in case of equity investment and money market instruments since 2002 to 2005. The equity investment shows trend of rising number of schemes from 2002 to 2005, similar trend is also shown by money market instruments and others. However, in case of bonds & debentures and government securities increasing trend seen from above graph from 2002 to 2004. Down fall shows after 2004 in both investment avenues.

The investment pattern of private sector mutual funds has undergone substantial change over the last four years. There has been a significant change in the investment pattern of Indian Private Mutual Fund industry during the period 2002 to 2005. The investment has been significantly shifted from fixed income securities to equity and liquidity. This trend can be attributed to the introduction of more and more growth schemes. The money market instruments like CPs, CDs, TBs and SDs are seem to have gained much ground.

Total investment of private sectors mutual funds increased every year. The total increased from Rs. 3837.35 crores to Rs. 23466.07 from the period 2002 to 2005. Every year it increased by Rs. 55814.11 crores, Rs. 8854.84 crores and Rs. 4959.77crores during this period.

Graph 4.16 shows that highest investment made in bond & debentures during the study periods which is followed by money market instrument, equity shares. Investment in equity share and money market instrument constantly increased from the year 2002 to 2005. Increasing rate of investment in equity is high as compared to money market instruments. Increasing trend observed up year 2004 in case of bond & and debentures and government Securities. In the year 2005, investment in government securities decreased by Rs. 2648.72 crores.

Graph:4.16 Overall Investment Pattern Of Indian Private Sector's M F s



4.7C INDUSTRY-WISE EQUITY INVESTMENT PORTFOLIO

A fund manager face problem in selecting proper industry to invest funds collected from investors and proportion in the total portfolio after selecting the investment instruments. Portfolio means proportion of investment in various industries and instrument. The Fund manager can not put their all fund in one or two industries. If they invest funds in one or two industries then, it was involves high risk. However if they invests in many industries from different sectors than poor result of one can be compensated by other. Therefore selection of right industry and right proportion becomes important aspect from the view point risk and return. Selection of proper industries and proportion in the total portfolio depends upon fund manager's skill, update knowledge of market movements and perception regarding industries result and performance in future. Before taking decision regarding industries and proportion of investment, funds manager has to judge the certain aspects like sectors, products of industry, market of such product at present as well as in near future, management team, last few years performance

progress, whether consistency in performance or not etc.

An attempt is made to present equity oriented investment portfolio of selected funds of three years from 2003 to 2005. Analysis has been carried out with respect to selected Indian private mutual fund companies like Benchmark Mutual funds, Cholamandalam Mutual funds, Escorts Mutual funds, J M Mutual fund, Kotak Mutual fund, Reliance Mutual Funds, and Sundaram Mutual Funds.

1. INDUSTRY-WISE EQUITY INVESTMENT PATTERN OF BENCHMARK M.F.

Table: 4.16 Industry- Wise Equity Portfolio Holding Of Benchmark M.F. (Rs Lakhs)

Industry	2003			2004			2005			Overall Rank		
	Amt.	%	Rank	Amt.	%	Rank	Amt.	%	Rank	Total Amt.	%	Rank
Banks	110.60	10.97	3	297.32	19.88	1	30016.61	88.64	1	30424.53	83.66	1
Metal & Mines	0.00	0.00		0.00	0.00		841.90	2.49	2	841.90	2.31	2
Personal Product	2.15	0.21	29	8.10	0.54	27	726.93	2.15	3	737.18	2.03	3
Computer & Peripherals	3.39	0.34	25	17.87	1.20	22	699.44	2.07	4	720.70	1.98	4
Oil & Gas	55.20	5.47	6	91.50	6.12	6	334.83	0.99	5	481.53	1.32	5
Pharmaceuticals	92.62	9.18	5	107.82	7.21	4	239.44	0.71	7	439.88	1.21	6
IT Consulting & Service	205.54	20.38	1	159.50	10.67	2	0.00	0.00	22	365.04	1.00	7
Automobile	44.73	4.43	8	99.62	6.66	5	155.23	0.46	8	299.58	0.82	8
Petrochemical	0.00	0.00		0.00	0.00		271.79	0.80	6	271.79	0.75	9
Chemicals	126.14	12.51	2	125.26	8.38	3	9.34	0.03	19	260.74	0.72	10
Telecom Equip.	25.11	2.49	9	69.12	4.62	7	138.28	0.41	10	232.51	0.64	11
Machinery	4.12	0.41	23	25.96	1.74	16	150.52	0.44	9	180.59	0.50	12
Household Products	97.69	9.69	4	60.15	4.02	8	0.00	0.00	23	157.84	0.43	13
Diversified Finance Service	5.71	0.57	22	32.97	2.20	12	57.61	0.17	11	96.29	0.26	14
Tobacco	45.41	4.50	7	35.06	2.34	10	0.00	0.00	25	80.47	0.22	15
Steel	23.25	2.30	12	42.42	2.84	9	0.00	0.00	24	65.67	0.18	16
Cement	0.00	0.00		0.00	0.00		57.49	0.17	12	57.49	0.16	17
Transportation	3.57	0.35	24	26.60	1.78	15	25.90	0.08	15	56.07	0.15	18
Consumer Finance	24.28	2.41	10	28.06	1.88	14	0.00	0.00	28	52.34	0.14	19
Construction & Engineering	13.06	1.30	17	19.38	1.30	21	19.08	0.06	16	51.52	0.14	20
Aluminium	14.07	1.40	16	31.55	2.11	13	0.00	0.00	27	45.62	0.13	21
Heavy Electrical Equip.	19.00	1.88	13	24.62	1.65	18	0.00	0.00	30	43.62	0.12	22
Industrial Products	0.00	0.00		0.00	0.00		42.09	0.12	13	42.09	0.12	23
Electric Utilities	15.01	1.49	15	25.95	1.74	17	0.00	0.00	29	40.96	0.11	24
Electric Component & Equip.	5.98	0.59	20	34.86	2.33	11	0.00	0.00	26	40.84	0.11	25
Power	0.00	0.00		0.00	0.00		39.31	0.12	14	39.31	0.11	26
Food Product	24.22	2.40	11	4.69	0.31	31	0.00	0.00	38	28.91	0.08	27

Industry	2003			2004			2005			Overall Rank		
	Amt.	%	Rank	Amt.	%	Rank	Amt.	%	Rank	Total Amt.	%	Rank
Media	7.61	0.75	19	7.50	0.50	28	13.31	0.04	17	28.42	0.08	28
Auto parts & Equipment	0.00	0.00		21.50	1.44	20	6.06	0.02	21	27.56	0.08	29
Construction Materials	15.30	1.52	14	12.26	0.82	26	0.00	0.00	35	27.56	0.08	30
Gas Utilities	0.00	0.00		24.47	1.64	19	0.00	0.00	31	24.47	0.07	31
Marine	5.89	0.58	21	16.58	1.11	23	0.00	0.00	32	22.47	0.06	32
Industrial Conglomerates	8.62	0.85	18	13.32	0.89	25	0.00	0.00	34	21.94	0.06	33
Biotechnology	0.00	0.00		13.77	0.92	24	0.00	0.00	33	13.77	0.04	34
Textile	0.00	0.00		0.00	0.00		11.03	0.03	18	11.03	0.03	35
Construction & Farm Machinery	2.44	0.24	28	6.57	0.44	29	0.00	0.00	36	9.01	0.02	36
Fertiliser	0.00	0.00		0.00	0.00		7.57	0.02	20	7.57	0.02	37
Apparel & Accessories	1.94	0.19	30	5.31	0.36	30	0.00	0.00	37	7.25	0.02	38
Health Care Facilities	2.90	0.29	27	3.11	0.21	32	0.00	0.00	39	6.01	0.02	39
Hotels	3.06	0.30	26	2.59	0.17	33	0.00	0.00	40	5.65	0.02	40
Commercial Service & Supplies	0.00	0.00		0.00	0.00		0.00	0.00	41	0.00	0.00	41
Tires & Rubbers	0.00	0.00		0.00	0.00		0.00	0.00	42	0.00	0.00	42
Total Investment In Equity	1008.61	100		1495.36	100		33863.77	100		36367.74	100	

Source: Annual Reports of Benchmark Mutual Fund.

The table 4.16 indicate the investment pattern of Benchmark M.F., The portfolio of this mutual fund has offered highest share in I.T. Consulting & Services with Rs. 205.54 lacs (19.82 %) followed by Chemical industry Rs. 126.14 lacs (14.90%), Banks Rs. 110.60 lacs (10.67 %), Household products Rs. 97.69 lacs (9.42%) and Pharmaceutical industries Rs.80.47 lacs (7.76%) in the year 2003.

In the year 2004, fund manager has changed their portfolio of investment with highest investment in banks Rs.297.32 lacs (19.88%) followed by I.T. Consulting & Services with Rs. 159.5 lacs (10.67%) compared to previous years. Automobile industry came at fifth rank and household product got down to eighth rank. Bank has taken first position and I.T. Consulting & Services went to second position. The share of bank in total portfolio increased from Rs. 110.6 lacs to Rs. 297.32 lacs but share of I.T. Consulting & Services decreased from Rs.205.54 to Rs.159.5 lacs in the total portfolio. Also the pharmaceutical industries come up at the fourth place from the fifth rank.

The investment portfolio of year 2005 is totally different from the year

2004 except bank has maintained first position with investment of Rs. 30016.61 lacs out of total investment in equity oriented instruments which is 50.42 %. Investment in bank increased by nearly hundred times due to new scheme Bank BeES launched in the year 2005. In the year 2005 top five industries claiming the highest funds includes Bank, Metal & Mines, Petrochemical, Computer and OIL & Gas companies.

As a whole, the given data indicate that Benchmark Mutual Fund frequently makes important changes and its portfolio includes banking more. When we observed overall investment pattern of last three years which is almost same to year 2005. Total investment in equity as well numbers of industries increased. It has invested only in 30 industries in 2003 which expanded up to 41 industries.

2. INDUSTRY-WISE EQUITY INVESTMENT PATTERN OF CHOLAMANDALAM MUTUAL FUND:

Table: 4.17 Industry- Wise Equity Portfolios Holding Of Cholamandalam Mutual Fund. (Rs. Lakhs)

Industry	2003			2004			2005			Overall Rank		
	Amt.	%	Rank	Amt.	%	Rank	Amt.	%	Rank	Total Amt.	%	Rank
Finance	0.00	0.00		0.00	0.00		3751.35	17.07	1	3751.35	14.09	1
Software	20.89	1.24	8	112.38	3.77	9	3303.75	15.04	2	3437.02	12.91	2
Banks	40.37	2.41	4	60.57	2.03	11	3018.43	13.74	3	3119.37	11.71	3
Aluminium	0.00	0.00		354.90	11.92	3	1603.88	7.30	5	1958.78	7.36	4
Cement	31.39	1.87	6	0.00	0.00		1827.59	8.32	4	1858.98	6.98	5
IT Consulting & Service	1148.12	68.42	1	377.03	12.66	2	0.00	0.00		1525.15	5.73	6
Pharmaceuticals	0.00	0.00		1029.84	34.59	1	352.36	1.60	16	1382.20	5.19	7
Consumer Product	0.00	0.00		0.00	0.00		1189.61	5.41	6	1189.61	4.47	8
Petrochemical	0.00	0.00		0.00	0.00		1168.83	5.32	7	1168.83	4.39	9
Oil & Gas	20.60	1.23	9	0.00	0.00		892.46	4.06	8	913.06	3.43	10
Ferrous & Non-Ferrous Metals	0.00	0.00		0.00	0.00		801.20	3.65	9	801.20	3.01	11
Machinery	0.00	0.00		52.82	1.77	12	658.45	3.00	10	711.27	2.67	12
Media	147.51	8.79	3	0.00	0.00		500.00	2.28	12	647.51	2.43	13
Automobile	37.74	2.25	5	206.35	6.93	4	353.47	1.61	15	597.56	2.24	14
Industrial Products	0.00	0.00		0.00	0.00		578.22	2.63	11	578.22	2.17	15
Chemicals	0.00	0.00		174.05	5.85	6	295.15	1.34	17	469.20	1.76	16
Pesticides	0.00	0.00		0.00	0.00		433.18	1.97	13	433.18	1.63	17
Courier	0.00	0.00		0.00	0.00		374.59	1.70	14	374.59	1.41	18

Industry	2003			2004			2005			Overall Rank		
	Amt.	%	Rank	Amt	%	Rank	Amt.	%	Rank	Total Amt.	%	Rank
Construction & Engineering	209.47	12.48	2	0.00	0.00		125.57	0.57	21	335.04	1.26	19
Auto parts & Equipment	0.00	0.00		0.00	0.00		286.60	1.30	18	286.60	1.08	20
Textile	0.00	0.00		71.21	2.39	10	192.47	0.88	19	263.68	0.99	21
Industrial Conglomerates	0.00	0.00		188.76	6.34	5	0.00	0.00		188.76	0.71	22
Telecommunication Services	0.00	0.00		0.00	0.00		146.37	0.67	20	146.37	0.55	23
Tobacco	22.03	1.31	7	114.55	3.85	7	0.00	0.00		136.58	0.51	24
Electric Utilities	0.00	0.00		113.09	3.80	8	0.00	0.00		113.09	0.42	25
Paper	0.00	0.00		0.00	0.00		90.82	0.41	22	90.82	0.34	26
Construction Materials	0.00	0.00		38.18	1.28	15	8.59	0.04	24	46.77	0.18	27
Apparel & Accessories	0.00	0.00		44.95	1.51	13	0.00	0.00		44.95	0.17	28
Steel	0.00	0.00		38.35	1.29	14	0.00	0.00		38.35	0.14	29
Health Care Facilities	0.00	0.00		0.00	0.00		20.53	0.09	23	20.53	0.08	30
Biotechnology	0.00	0.00		0.00	0.00		0.00	0.00		0.00	0.00	31
Total Investment In Equity	1678.12	100		2977.03	100		21973.47	100		26628.62	100	

Source: Annual Reports of Cholamandalam Mutual Fund.

When we observed table 4.17, data of industry wise equity investment portfolio of Cholamandalam Mutual Funds, it can be very well interpreted that Cholamandalam has invested their fund in only eight industries in the year 2003. Out of this, top five industries include I.T. Consulting & Serves, Construction and Engineering, Media, Bank and Automobile industries. I.T. Consulting & Services possess highest proportion in portfolio that is Rs.1148.12 lacs which is 68.42 % of its total investment in equity. Remaining 31.58 % of its portfolio in the construction & Engineer sectors, Media, Bank, Automobile, Cement, Computer software, Tobacco, and Oil & Gas industries in the year 2003. In the year 2004, highest proportion in portfolio shifted from IT consulting to Pharmaceutical industry. It is interesting to interpret that there was nil investment in pharmaceutical industries in the year 2003 which turns into Rs. 1029.84 Lakh (34.59 %) in the year 2004. It may be due to Cholamandalam mutual fund who launched a new pharmaceutical sector scheme in the year 2004. Investment portfolio became wide from eight industries to 15 different industries in the year 2004 and which is extended up 31 industries in the year 2005. The portfolio holding is more or less same in the year 2005. The important aspect is that company had not invested in diversified financial services in the year 2003

and 2004 but in the year 2005 highest amount was invested in it. The year of 2005 is the year of portfolio holding of diversified financial services and Computer software which covered 17.07 % and 15.04% of total investment in equity. Its investment does not put all eggs in one basket.

3. INDUSTRY-WISE EQUITY INVESTMENT PATTERN OF ESCORTS MUTUAL FUND IN EQUITY:

Table: 4.18 Industry- Wise Equity Portfolio Holding Of Escorts M. F.

(Rs. Lakhs)

Industry	2003			2004			Overall Rank		
	Amt.	%	Rank	Amt.	%	Rank	Total Amt.	%	Rank
Automobile	186.78	10.37	4	489.97	14.09	1	676.75	12.82	1
Engineering	174.39	9.68	5	415.39	11.94	2	589.78	11.17	2
Banks	241.45	13.40	1	304.75	8.76	3	546.20	10.34	3
Information Technology	194.89	10.82	3	274.95	7.90	6	469.84	8.90	4
Steel	151.96	8.43	6	297.67	8.56	4	449.63	8.52	5
Refineries & Petrochemicals	222.21	12.33	2	227.28	6.53	9	449.49	8.51	6
Diversified	98.31	5.46	10	277.43	7.98	5	375.74	7.12	7
Power	77.48	4.30	12	254.44	7.31	7	331.92	6.29	8
Cement & Cement Product	109.64	6.09	7	220.45	6.34	10	330.09	6.25	9
FMCG	98.90	5.49	9	219.72	6.32	11	318.62	6.03	10
Pharmaceuticals	81.66	4.53	11	229.29	6.59	8	310.95	5.89	11
Media	100.21	5.56	8	120.8	3.47	12	221.01	4.19	12
Computer Hardware	0.00	0.00		80.62	2.32	13	80.62	1.53	13
Telecommunication	50.08	2.78	13	17.18	0.49	15	67.26	1.27	14
Textile	13.83	0.77	14	48.47	1.39	14	62.30	1.18	15
Chemicals	0.00	0.00		0.24	0.01	16	0.24	0.00	16
Total Investment In Equity	1801.79	100		3478.7	100		5280.44	100	

Source: Annual Reports of Escorts Mutual Fund.

The table 4.18 exhibit the equity investment portfolio of Escorts mutual fund of year 2003 and 2004. Data of 2003 indicate that round about 57 % of its funds are put in banks, Refineries & petrochemicals, information technology, automobile and engineering at the end of March 2003. 37 % of its funds was invested in other nine industries during the year 2003. Its highest investment portfolio consist of Banking sector investing Rs. 241.45 lacs (13.40%) followed by Refineries & Petrochemical holding 12.33 % portfolio of its total equity investment in the year 2003.

Portfolio of 2004 consist highest investment in automobile with Rs. 489.97 lacs (14.09%) which was followed by Engineering (11.94 %) Banks

(8.76%) Steel industry (8.56%) and Diversified Financial Services (7.98 %). The important aspect observed that the company has invested small portion in many industries instead of putting large amount in one or two industries. Investment possesses diversification which reduced the risk seldom all stocks decline at a time and in the same proportion.

4. INDUSTRY –WISE EQUITY INVESTMENT PATTERN OF J M M.F.:

Table: 4.19 Industry-Wise Equity Portfolio Holding Of JM M. F (Rs lakhs)

Industry	2004			2005			Overall Rank		
	Amt.	%	Rank	Amt.	%	Rank	Total Amt.	%	Rank
Banks	1066 50	8.93	4	8633 16	34 34	1	9699.66	26 11	1
Metal & Mines	1043.76	8 74	5	3834.44	15 25	3	4878.20	13.13	2
Chemicals	698 34	5 85	6	3856.57	15 34	2	4554.91	12 26	3
Oil & Gas	1727 88	14.47	2	1957.47	7 79	4	3685.35	9.92	4
Petrochemical	2379 05	19.84	1	507.75	2 02	9	2886 80	7.77	5
Pharmaceuticals	375 96	3 11	11	1903.77	7.57	5	2279.73	6.14	6
Automobile	1107 87	9 28	3	879 86	3.50	7	1987 73	5 35	7
IT Consulting & Service	605 59	5 07	8	1026.87	4.08	6	1632.46	4 40	8
Electric Utilities	618 39	5 09	7	139 05	0 55	17	757.44	2.04	9
Electrnc Component & Equipment	452.82	3 79	9	164.15	0.65	14	616 97	1 66	10
Auto parts & Equipment	0 00	0 00		616 51	2.45	8	616 51	1 66	11
Food Product	434.46	3 64	10	52.25	0 21	21	486.71	1.31	12
Tobacco	156 27	1 31	14	234 19	0.93	10	390.46	1 05	13
Construction Engineering	338.14	2.83	12	0.00	0.00		338.14	0 91	14
Gas Utilities	76 04	0.60	20	195 07	0.78	11	271 11	0.73	15
Construction Materials	97 97	0 80	18	165 05	0 66	13	263 02	0.71	16
Media	213 77	1.79	13	49.10	0.20	23	262.87	0.71	17
Tires & Rubbers	0 00	0 00		177.42	0 71	12	177.42	0 48	18
Power	29.00	0 23	23	142.02	0 56	16	171.02	0.46	19
Diversified	0 00	0 00		155 34	0 62	15	155 34	0 42	20
Machinery	23 41	0 17	24	126.08	0 50	18	149.49	0.40	21
Paper & Forest Industries	146.92	1 23	15	0.00	0.00		146 92	0 40	22
Marine	118.18	0 87	17	0.00	0.00		118 18	0 32	23
Industrial Conglomerates	117 59	0.90	16	0.00	0.00		117.59	0 32	24
Beverages	0.00	0.00		94 04	0 37	19	94.04	0.25	25
Household Products	89 88	0 73	19	0 00	0.00		89 88	0.24	26
Textile	0 00	0 00		77 13	0 31	20	77.13	0.21	27
Building Products	59.77	0 48	21	0 00	0 00		59.77	0.16	28
Steel	0 00	0 00		49.33	0 20	22	49.33	0.13	29
Miscellaneous	0 00	0.00		47.72	0.19	24	47.72	0 13	30
Computer & Penpherals	28.44	0.24	22	0.00	0.00		28.44	0 08	31
Sugar	0 00	0.00		22.09	0 09	25	22 09	0.06	32
Telecommunication Equipments	0 00	0.00		17 28	0 07	26	17 28	0 05	33
Shipping	0 00	0.00		12 62	0 05	27	12 62	0.03	34
Beverages	0.00	0 00		0 00	0 00		0 00	0.00	35
FMCG				4.19	0.02	28			36
Total Investment In Equity	12006.00	100		25140.52	100		37142 33	100	

Source: Annual Reports of J M Mutual Fund

Table 4.19 shows the equity investment portfolio holding of J M Mutual Fund. It indicates that the highest proportion in portfolio consists of petrochemical industries 19.84 % in equity. Oil and Gas industry hold 14.47 %, automobile 9.28 %, banks 8.93 % and metal & mines hold 8.74 % in the year 2004.

In the year 2005 priority area of investment changed and Bank gets first priority with Rs. 8633.16 lacs (34.34%) having fourth rank with only 8.93%. Chemical industry occupied second position by increasing portfolio from Rs. 698.34 lacs to 3856.37 lacs in the year 2005. JM mutual fund has invested in 28 companies of various sectors in the year 2005, therefore we can say that investors of JM mutual fund get diversification and became the part owner of such securities.

5. INDUSTRY-WISE EQUITY INVESTMENT PATTERN OF KOTAK MAHINDRA MUTUAL FUND:

Table: 4.20 Industry- Wise Equity Portfolio Holding of Kotak Mutual Fund.

(Rs Lakhs)

Industry	2003			2004			2005			Total Amt.	%	Rank
	Amt.	%	Rank	Amt.	%	Rank	Amt.	%	Rank			
Pharmaceuticals	1647.39	14.14	2	9185.43	18.89	1	6933.60	7.98	4	17766.42	12.07	2
IT Consulting & Service	4992.66	42.87	1	6226.01	12.80	2	13000.54	14.96	1	24219.21	16.45	1
Electric Component & Equipment	154.01	1.32	15	4036.51	8.30	3	7545.94	8.68	2	11736.46	7.97	3
Industrial machinery	417.55	3.59	5	3382.49	6.96	4	7121.29	8.19	3	10921.33	7.42	4
Auto parts & Equipment	118.25	1.02	17	2931.75	6.03	5	4148.32	4.77	7	7198.32	4.89	6
Banks	583.22	5.01	3	2755.83	5.67	6	5626.07	6.47	5	8965.12	6.09	5
Automobile Manufacturers	395.69	3.40	6	2358.92	4.85	7	448.15	0.52	33	3202.76	2.18	14
Heavy Electrical Equipment	487.28	4.18	4	2004.99	4.12	8	3999.62	4.60	8	6491.89	4.41	7
Oil & Gas Refining & Marketing	244.68	2.10	10	1694.64	3.49	9	1323.78	1.52	17	3263.10	2.22	13
Computer Hardware	81.90	0.70	19	1486.13	3.06	10	1521.32	1.75	16	3089.35	2.10	15
Construction & Engineering	73.86	0.63	20	1263.57	2.60	11	2910.50	3.35	10	4247.93	2.89	10
Steel	314.83	2.70	8	1069.79	2.20	12	2074.70	2.39	13	3459.32	2.35	12
Oil & Gas Exploration and Production	0.00	0.00		991.56	2.04	13	2092.99	2.41	12	3084.55	2.10	16
Construction Materials	27.70	0.24	30	972.74	2.00	14	1211.32	1.39	18	2211.76	1.50	18
Commodity Chemicals	369.78	3.17	7	963.35	1.98	15	635.91	0.73	31	1969.04	1.34	20
Integrated Tele. Services	49.53	0.43	24	815.20	1.68	16	1900.47	2.19	15	2765.20	1.88	17
Industrial Conglomerates	181.89	1.56	13	801.00	1.65	17	694.48	0.80	26	1677.37	1.14	21

Industry	2003			2004			2005			Total Amt.	%	Rank
	Amt.	%	Rank	Amt.	%	Rank	Amt.	%	Rank			
Packaged Food	103.65	0.89	18	758.91	1.56	18	2767.43	3.18	11	3629.99	2.47	11
Specialty Chemicals	25.89	0.22	31	742.97	1.53	19	823.89	0.95	23	1592.75	1.08	22
Fert & Agri Chemicals	42.85	0.37	27	719.59	1.48	20	5218.50	6.00	6	5980.94	4.06	8
Agricultural Products	188.15	1.62	12	646.84	1.33	21	3540.37	4.07	9	4375.36	2.97	9
Textile	0.00	0.00		471.60	0.97	22	677.01	0.78	29	1148.61	0.78	28
Tobacco	194.54	1.67	11	417.24	0.86	23	656.12	0.75	30	1267.90	0.86	24
Printing & Stationery	0.00	0.00		399.70	0.82	24	554.44	0.64	32	954.14	0.65	31
Telecommunication Equipments	0.00	0.00		333.84	0.69	25	901.99	1.04	21	1235.83	0.84	25
Aluminium	58.98	0.51	22	279.94	0.58	26	0.00	0.00		338.92	0.23	35
Personal Product	56.54	0.49	23	242.66	0.50	27	879.81	1.01	22	1179.01	0.80	27
Gas Utilities	40.23	0.35	28	232.05	0.48	28	1022.38	1.18	20	1294.66	0.88	23
Electric Utilities	139.70	1.20	16	145.80	0.30	29	688.14	0.79	27	973.64	0.66	29
Hotels	0.00	0.00		90.79	0.19	30	743.84	0.86	25	834.63	0.57	32
Trading companies & Distributors	43.25	0.37	26	72.10	0.15	31	118.80	0.14	36	234.15	0.16	37
Footwear	0.00	0.00		61.15	0.13	32	0.00	0.00		61.15	0.04	39
Household Appliances	73.35	0.63	21	38.25	0.08	33	0.00	0.00		111.60	0.08	38
Biotechnology	0.00	0.00		31.50	0.06	34	0.00	0.00		31.50	0.02	42
Movies & Entertainments	293.81	2.52	9	0.00	0.00		677.31	0.78	28	971.12	0.66	30
Household Products	155.93	1.34	14	0.00	0.00		1035.80	1.19	19	1191.73	0.81	26
Health Care Facilities	49.50	0.43	25	0.00	0.00		0.00	0.00		49.50	0.03	40
Diversified Financial Services	40.13	0.34	29	0.00	0.00		0.00	0.00		40.13	0.03	41
Highway & Road Track	0.00	0.00		0.00	0.00		1991.64	2.29	14	1991.64	1.35	19
Apparel & Accessories	0.00	0.00		0.00	0.00		798.86	0.92	24	798.86	0.54	33
Diversified Metals & Mining	0.00	0.00		0.00	0.00		354.60	0.41	34	354.60	0.24	34
Others	0.00	0.00		0.00	0.00		273.56	0.31	35	273.56	0.19	36
Marine	0.00	0.00		0.00	0.00		10.50	0.01	37	10.50	0.01	43
Total Investment In Equity	11646.72	100		48624.84	100		86923.99	100		147195.55	100	

Source. Annual Reports of Kotak Mahindra Mutual Fund.

It is evident from table 4.20 that Kotak Mahindra mutual fund invested the highest amount of its funds in IT Consulting & Service (42.87%), followed by Pharmaceutical (14.14 %), Banks (5.01%), Heavy Electrical Equipment (4.18%) and Industrial machinery (3.59%). About 70 % of its total equity investment put in five industries and balance 30 % amount in 25 industries. More weightage is given to I.T. sectors in the year 2003.

But in the year 2004 priority goes to Pharmaceutical industry by investing 18.89 % of its equity investment. It has invested total Rs. 48624.84

lakhs in equity which is nearly four times of the year 2003. The investment increased from 30 to 34 industries.

The investment pattern observed from 2005 shows much similar to with the investment pattern of year 2004. The highest share of equity investment in IT consulting & Service (14.96%), followed by electric component (8.68%) and industrial machinery (8.19%). Investment in IT consulting & Services was 42.87 % which came down up to 14.96% of its total investment in equity in the year 2005. Not much fund is put in one or two companies but in many companies. But investment portfolio was more risky compared to year 2005. Investment pattern became more and more diversified from 2003 to 2005 as number of industries increased. The share of investment is more in I.T. and Electric industry from 2003 to 2005.

6. INDUSTRY-WISE QUITTY INVESTMENT PATTERN OF RELIANCE M.F.

**Table: 4.21 Industry-Wise Equity Portfolio Holding Of
Reliance Mutual Fund.**

(Rs Lakhs)

Industry	2004 0			2005			Overall Rank		
	Amt.	%	Rank	Amt.	%	Rank	Total Amt.	%	Rank
Banks	14292.91	10.90	1	32877.99	10.77	1	47170.90	10.80	1
Pharmaceuticals	12536.46	9.56	3	28692.60	9.39	2	41229.06	9.44	2
Electric Component & Equipment	10422.90	7.95	4	28600.27	9.36	3	39023.17	8.94	3
Automobile Manufacturers	13545.99	10.33	2	18338.79	6.00	5	31884.78	7.30	4
Metal & Mines		0.00		27303.21	8.94	4	27303.21	6.25	5
IT Consulting & Service	6634.56	5.06	7	14853.57	4.86	7	21488.13	4.92	6
Oil & Gas	5558.14	4.24	8	13432.40	4.40	9	18990.54	4.35	7
Machinery	4267.32	3.25	10	13859.63	4.54	8	18126.95	4.15	8
Petrochemical	0.00	0.00		17482.65	5.72	6	17482.65	4.00	9
Chemicals	8238.18	6.28	6	7136.90	2.34	16	15375.08	3.52	10
Steel	10416.94	7.94	5	3522.66	1.15	23	13939.60	3.19	11
Construction & Engineering	2318.95	1.77	16	11145.16	3.65	10	13464.11	3.08	12
Auto parts & Equipment	1519.33	1.16	22	10316.60	3.38	11	11835.93	2.71	13
Media	3469.42	2.64	13	7477.51	2.45	14	10946.93	2.51	14
Heavy Electrical Equipment	3212.48	2.45	15	5918.84	1.94	17	9131.32	2.09	15
Miscellaneous	891.00	0.68	27	7798.36	2.55	12	8689.36	1.99	16
Industrial Conglomerates	2295.19	1.75	17	5713.62	1.87	18	8008.81	1.83	17
Computer Hardware & Software	419.22	0.32	33	7497.92	2.46	13	7917.14	1.81	18
Electric Utilities	3658.30	2.79	11	4120.31	1.35	21	7778.61	1.78	19
Tobacco	4963.65	3.78	9	2699.87	0.88	25	7663.52	1.76	20

Industry	2004.0			2005			Overall Rank		
	Amt.	%	Rank	Amt.	%	Rank	Total Amt.	%	Rank
Power		0.00		7456.14	2.44	15	7456.14	1.71	21
Food Product	1936.85	1.48	18	4308.06	1.41	19	6244.91	1.43	22
Construction & Farm Machinery	1762.98	1.34	21	4135.39	1.35	20	5898.37	1.35	23
Construction Materials	3615.51	2.76	12	1807.68	0.59	29	5423.19	1.24	24
Beverages	939.42	0.72	24	3316.65	1.09	24	4256.07	0.97	25
Diversified Financial Services	0.00	0.00		3599.62	1.18	22	3599.62	0.82	26
Fertiliser & Agricultural Chemicals	3215.82	2.45	14	0.00	0.00		3215.82	0.74	27
Telecommunication Equipments	693.57	0.53	30	2157.49	0.71	28	2851.06	0.65	28
Marine	1904.25	1.45	19	923.95	0.30	31	2828.20	0.65	29
Textile	0.00	0.00		2691.39	0.88	26	2691.39	0.62	30
Transportation		0.00		2425.20	0.79	27	2425.20	0.56	31
Tires & Rubbers	1802.40	1.37	20	0.00	0.00		1802.40	0.41	32
Household Products	0.00	0.00		1686.86	0.55	30	1686.86	0.39	33
Paper Packing & Paper Product	930.33	0.71	25	615.83	0.20	33	1546.16	0.35	34
Diversified Metals & Mining	1090.72	0.83	23	0.00	0.00		1090.72	0.25	35
Health Care Facilities	929.37	0.71	26	0.64	0.00		930.01	0.21	36
Agricultural Products	788.38	0.60	28		0.00		788.38	0.18	37
Confectionery	777.88	0.59	29	0.00	0.00		777.88	0.18	38
Apparel & Accessories	362.65	0.28	34	344.77	0.11	35	707.42	0.16	39
Personal Product	0.00	0.00		680.79	0.22	32	680.79	0.16	40
Hotels	670.11	0.51	31	0.00	0.00		670.11	0.15	41
Footwear	550.47	0.42	32	0.00	0.00		550.47	0.13	42
Commercial Service & Supplies		0.00		470.36	0.15	34	470.36	0.11	43
Building Products	328.28	0.25	35	0.00	0.00		328.28	0.08	44
Gas Utilities	214.10	0.16	36	3.62	0.00		217.72	0.05	45
Total Investment In Equity	131174.03	100		305413.30	100		436587.33	100	

Source: Annual Reports of Reliance Mutual Fund.

Portfolio of industry wise equity investment pattern of Reliance mutual fund consists of the highest share in banks (10.90 %), followed by automobile (10.33%) , pharmaceutical (9.56%) , electric equipment (7.95%) and steel (7.94%). The fund manager has selected 36 industries for investment of Rs. 131174.03 lakhs in the year 2004. There is not much difference between first top five industries investment in the year 2004 and 2005.

Investment of 2005, appears that Bank occupies highest funds that is Rs.32877.99 lakhs (10.77%) which was Rs.142492.91 lakhs in previous year. Metal & mines industries stood at 4th rank holding 8.94 % of total fund invested in equity by Reliance mutual fund in 2005. Amount invested in this industry

increased by nearly 2.5 times. The share in portfolio of bank decline by 0.13 %. Investment in Metal & Mine industry found increasing compared to previous year. Fund manager has not invested fund in Metal & Mine industry in the year 2003 but Rs. 27303.21 lakhs was invested in the year 2005. It shows the importance of metal and mine industries. Share in total investment portfolio of automobile decline by 40 % compared to year 2003. Also the same trend is observed in steel industry.

7. INDUSTRY-WISE EQUITY INVESTMENT PATTERN OF SUNDARAM M.F.

Table: 4.22 Equity Oriented Portfolio Holding Of Sundaram Mutual Fund.

(Rs Lakhs)

Industry	2003			2004			2005			Overall Rank		
	Amt.	%	Rank	Amt.	%	Rank	Amt.	%	Rank	Total Amt.	%	Rank
Mattel & Mining	339.54	6.73	6	2297.10	7.56	6	9836.63	13.89	1	12473.27	11.74	1
Household Products	132.11	2.62	12	3.51	0.01	30	7394.57	10.44	2	7530.19	7.09	3
Machinery	180.96	3.59	10	835.62	2.75	12	6747.92	9.53	3	7764.50	7.31	2
Computer & Peripherals	22.86	0.45	18	664.54	2.19	15	6615.58	9.34	4	7302.98	6.87	5
Petroleum Product	0.00	0.00		0.00	0.00		5306.82	7.49	5	5306.82	4.99	8
Auto parts & Equipment	20.52	0.41	20	810.38	2.67	13	4480.53	6.33	6	5311.43	5.00	9
Chemicals	487.39	9.66	3	3554.18	11.69	2	3466.89	4.90	7	7508.46	7.07	4
Cement	0.00	0.00		0.00	0.00		3441.55	4.86	8	3441.55	3.24	12
Construction & Engineering	81.21	1.61	15	873.92	2.87	11	3378.26	4.77	9	4333.39	4.08	11
Banks	903.51	17.91	1	2590.92	8.52	4	3325.40	4.70	10	6819.83	6.42	6
Oil & Gas	580.56	11.51	2	3142.89	10.34	3	2602.80	3.68	11	6326.25	5.95	7
Textile	0.00	0.00		806.77	2.65	14	2282.78	3.22	12	3089.55	2.91	13
Hotel, Restaurant & leisure	0.00	0.00		229.48	0.75	21	1759.90	2.48	13	1989.38	1.87	18
Pharmaceuticals	478.69	9.49	4	460.48	1.51	17	1709.19	2.41	14	2648.36	2.49	15
Movies & Entertainments	0.00	0.00		0.00	0.00		1585.36	2.24	15	1585.36	1.49	20
Power	0.00	0.00		0.00	0.00		1449.54	2.05	16	1449.54	1.36	21
Industrial Products	0.00	0.00		0.00	0.00		1063.53	1.50	17	1063.53	1.00	23
Industrial Conglomerates	121.01	2.40	13	978.37	3.22	10	1008.86	1.42	18	2108.24	1.98	17
Automobile	310.29	6.15	8	3732.21	12.28	1	970.14	1.37	19	5012.64	4.72	10
Paper	115.49	2.29	14	0.00	0.00		650.96	0.92	20	766.45	0.72	25
Air Freight & Courier	22.19	0.44	19	187.09	0.62	22	319.27	0.45	21	528.55	0.50	26
Transportation	17.37	0.34	21	143.22	0.47	24	313.99	0.44	22	474.58	0.45	28
Telecommunication Services	0.00	0.00		27.40	0.09	29	288.99	0.41	23	316.39	0.30	32
Diversified Financial Services	0.00	0.00		138.35	0.46	25	246.20	0.35	24	384.55	0.36	30

Industry	2003			2004			2005			Overall Rank		
	Amt.	%	Rank	Amt.	%	Rank	Amt.	%	Rank	Total Amt.	%	Rank
Health Care Facilities	69.08	1.37	16	181.00	0.60	23	240.91	0.34	25	490.99	0.46	29
IT Consulting & Service	393.51	7.80	5	1652.58	5.44	7	175.00	0.25	26	2221.09	2.09	16
Sugar	0.00	0.00		0.00	0.00		124.74	0.18	27	124.74	0.12	34
Steel	0.00	0.00		0.00	0.00		37.17	0.05	28	37.17	0.03	38
Electric Equipment	337.18	6.68	7	2367.37	7.79	5	0.00	0.00		2704.55	2.55	14
Construction Materials	0.00	0.00		1634.38	5.38	8	0.00	0.00		1634.38	1.54	19
Food Product	165.44	3.28	11	1186.93	3.90	9	0.00	0.00		1352.37	1.27	22
Tobacco	216.93	4.30	9	610.15	2.01	16	0.00	0.00		827.08	0.78	24
Electric Utilities	49.66	0.98	17	430.20	1.42	18	0.00	0.00		479.86	0.45	27
Container & Packing	0.00	0.00		344.30	1.13	19	0.00	0.00		344.30	0.32	31
Gas Utility	0.00	0.00		253.80	0.83	20	0.00	0.00		253.80	0.24	33
Telecommunication Equipments	0.00	0.00		117.78	0.39	26	0.00	0.00		117.78	0.11	35
Building Product	0.00	0.00		106.63	0.35	27	0.00	0.00		106.63	0.10	36
Infra Structure Service	0.00	0.00		38.55	0.13	28	0.00	0.00		38.55	0.04	37
Total Investment In Equity	5045.50	100		30400.10	100		70823.48	100		106269.08	100	

Source: Annual Reports of Sundaram Mutual Fund.

Table 4.22 discloses the data about equity investment portfolio holding of Sundaram mutual funds from the year 2003 to 2005 as well as overall rank according to total investment during same period. The data of the year 2003 indicate that Sundaram Mutual fund has given more priority in achieving their goal of getting high return and invested Rs. 903.51 lacs (17.91%) out of its total investment in equity. Oil & Gas stood at Rs. 580.56 lacs, Chemicals Rs. 487.39 lacs, Pharmaceutical industries Rs. 478.69 lacs and IT consulting services Rs. 393.51 lacs.

The portfolio of the year 2004 reveal fund manager has been changed from investment pattern from last years. The priority is given to Automobile industries (12.28%). Investment in automobile jumped from 6.15 % to 12.28 %, it is almost double compared to year 2003. Whereas the investment percentage in pharmaceutical industries went down from 9.49 % to 1.51 %.

The investment portfolio in equity has totally changed in the year 2005. Top five industries covered 41.35 % funds and 58.63 % fund of equity investment shared in 23 industries in the year 2005. Highest fund invested in Metal & Mines industries (10.89%). Top five industries are Metal & Mine,

Household product, Machinery, Computer and Petrochemical industries. But the number of industries in which Sundaram mutual fund has been invested remains unchanged in the year 2005. Total investment in equity increased at very high rate from 2003 to 2005. It may be, because of more equity oriented schemes launched by such mutual fund.

8. EQUITY INVESTMENT PORTFOLIO OF PRIVATE SECTORS M.F.

An Indian private mutual fund, invested their fund in many industries during period 2002-03 to 2004-05. Following table indicate total investment in equity shares of 32 industries during this period. For the analysis purposes many industries are clubbed according to their nature. Automobile industries consist of automobile manufacturing industries and auto spar-parts & equipment industries. Construction material, Building product and construction engineering industries are included in Construction and Engineering industries. Commodity chemical, agricultural chemical, specialty chemical and pesticides companies are put in one group of chemical and Fertilisers industries. Investment in household product, Beverage, Footwear, Packaged Food, Fast Moving Consumer Goods (FMCG) Confectionery etc. are considered in Consumer product industries. The Transportation industries covered Road and Highway, Marine, Airway, Tyres and Rubber industries. And at last Miscellaneous includes Agricultural product, others, containers and Packing companies etc.

Table 4.23 exhibits the data of total investment made during the year 2003 to 2005 by nine Indian private companies. It shows the trends of investment of selected private sectors mutual funds for aforesaid period. Banks remain popular and an attractive means for investment by fund manager. Fund managers have invested Rs. 106745.61 lacs out of its total investment Rs.795471.09 lacs during this period. Bank has cached 13.42 % funds & private mutual funds companies which is very large compared to any other industries. This may be due to good result of bank and the launched new schemes which invested 90% to 100 % funds only in banks like Benchmark has launched a Bank BeEs scheme which invests at least 90% of total assets in Bank index. Reliance has also launched a Reliance Banking Schemes having both option growth as well as dividend. Automobile industry attracts the second highest funds from private selected mutual funds. During this period a total of Rs. 68938.15 lacs were invested

in it which is 8.67 % of total investment in equity. Among the automobile industries, bike producing companies were more attractive because demand for bike was high compared to any other vehicles. Pharmaceutical industries stood at third rank with Rs. 66056.60 lacs (8.30%) followed by Electric equipment producing companies (8.24%), IT consulting & Services sector (6.89%).

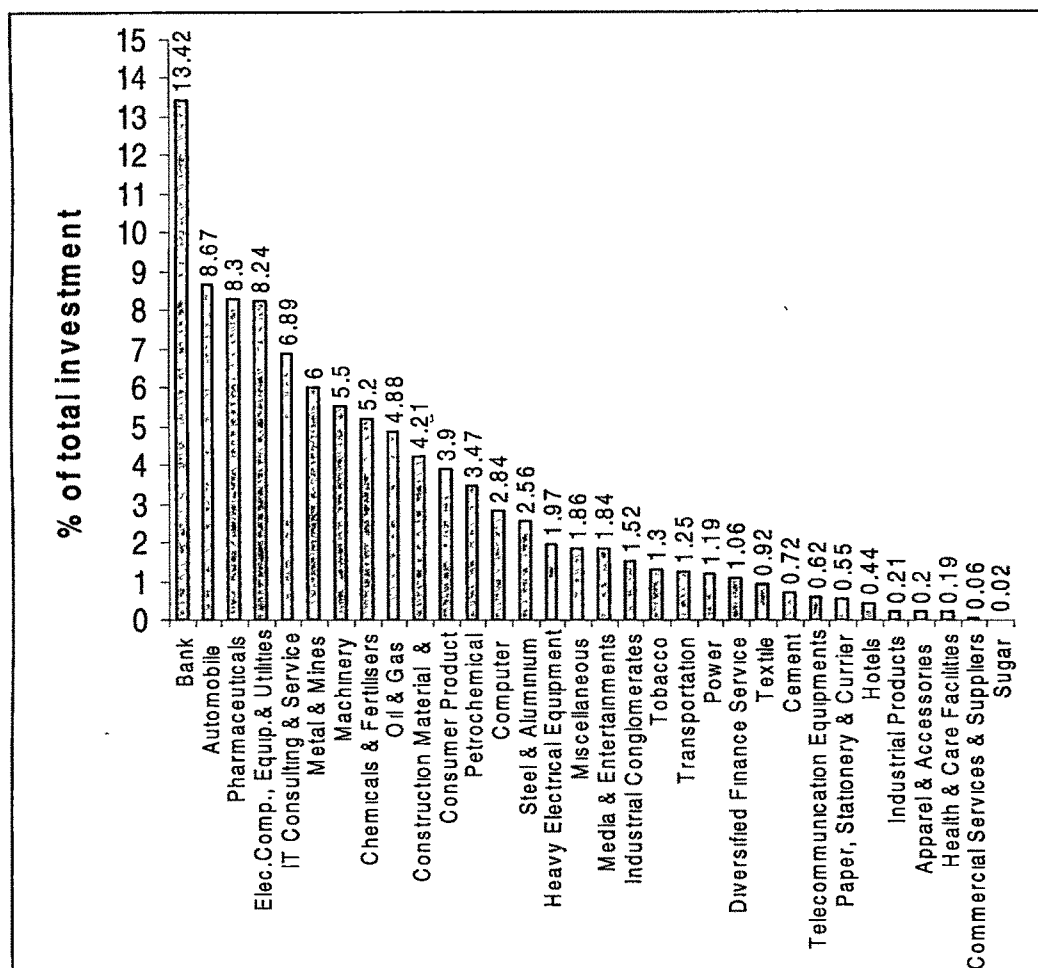
Out of thirty two industries, seven industries held 5% to 10 % funds; fourteen industries held 1 % to 5% and ten industries posses less than 1 % of total funds invested in equity of nine Indian private sectors mutual funds during the study period.

Table: 4.23 Equity Investment Portfolio Of Indian Private Sectors Mutual Funds From 2002 To 2005.

		(Rs Lakh)	
Industries	Amt.	%	Rank
Bank	106745.61	13.42	1
Automobile	68938.15	8.67	2
Pharmaceuticals	66056.60	8.30	3
Electric Component, Equipment& Utilities	65568.92	8.24	4
IT Consulting & Service	54771.98	6.89	5
Metal & Mines	47743.10	6.00	6
Machinery	43761.51	5.50	7
Chemicals & Fertilisers	41367.93	5.20	8
Oil & Gas	38806.14	4.88	9
Construction Material & Engineering	33461.27	4.21	10
Consumer Product	31052.48	3.90	11
Petrochemical	27566.38	3.47	12
Computer	22576.25	2.84	13
Steel & Aluminium	20382.39	2.56	14
Heavy Electrical Equipment	15666.83	1.97	15
Miscellaneous	14798.10	1.86	16
Media & Entertainments	14663.22	1.84	17
Industrial Conglomerates	12122.71	1.52	18
Tobacco	10366.01	1.30	19
Transportation	9919.28	1.25	20
Power	9447.93	1.19	21
Diversified Finance Service	8455.36	1.06	22
Textile	7343.69	0.92	23
Cement	5688.11	0.72	24
Telecommunication Equipments	4898.62	0.62	25
Paper, Stationery & Currier	4407.63	0.55	26
Hotels	3499.77	0.44	27
Industrial Products	1683.84	0.21	28
Apparel & Accessories	1558.48	0.20	29
Health & Care Facilities	1497.06	0.19	30
Commercial Services & Suppliers	508.91	0.06	31
Sugar	146.83	0.02	32
Total Investment in Equity	795471.09	100.00	

Source: Compile from data given in Investment pattern.

Graph: 4.17 Equity Investment Portfolios Of Indian Private Sectors M.F.:



It can be seen that investments in banks are higher followed by automobile, pharmaceuticals and electric component and equipments during the study period. Whereas sugar industries and commercial services & suppliers have very less or negligible investment during the year 2002 to 2005 by Indian private sectors mutual funds.

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