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## PERFORMANCE OF TAX SAVING FUNDS OF SELECTED ASSET MANAGEMENT COMPANIES: A COMPARATIVE ANALYSIS

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### ABSTRACT

*Different investment avenues are available to investors. Mutual funds also offer good investment opportunities to the investors. Like all investments, they also carry certain risks. The investors should compare the risks and expected yields after adjustment of tax on various instruments while taking investment decisions. The investors may seek advice from experts and consultants including agents and distributors of mutual funds schemes while making investment decisions. With an objective to make the investors aware of performance of mutual funds, an attempt has been made to provide information on the comparison of tax saving funds of selected Asset Management Companies such as HDFC, FRANKLIN INDIA, RELIANCE, SBI and ICICI which may help the investors in taking investment decisions. The analysis is also compared with the calculations based on the Standard deviation, Beta values, Benchmarks, and also Sharpe ratio, Treynors ratio, Jensen measures for the period 2007-11. This paper is carried out to find out the returns of funds thereby studying the performance of the selected tax saving funds in the market. The investor invests the funds based on the returns, net asset value and also the trend prevailing in the market.*

### KEYWORDS

Asset Management Companies, Performance, Tax saving funds.

### INTRODUCTION

A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. Mutual funds are one of the best investments ever created because they are very cost efficient and very easy to invest in. Investors in India opt for the tax-saving mutual fund schemes for the simple reason that it helps them to save money. The tax-saving mutual funds or the equity-linked savings schemes (ELSS) receive certain tax exemptions under Section 88 of the Income Tax Act. That is one of the reasons why the investors in India add the tax-saving mutual fund schemes to their portfolio. The tax-saving mutual fund schemes are one of the important types of mutual funds in India that investors can opt for.

The present study is carried out to find out the returns of funds thereby studying the performance of the tax saving funds in the market. The investor invests the funds based on the returns, net asset value and also the trend prevailing in the market. Hence it becomes necessary to study the above to facilitate the HDFC in the Mutual fund Sector. Since the market being high volatile there is a need to study the performance and comparative statement of various tax saving funds performing in the market.

### REVIEW OF THE LITERATURE

Early studies on mutual funds included the several works of Sharpe (1966) and Treynor (1965), Jensen (1968), who used the capital asset pricing model to compare risk-adjusted returns of funds with that of a benchmark market portfolio. The findings of Sharpe and Jensen demonstrated that mutual funds under perform market indexes and suggest that the returns were not sufficient to compensate investors for the diverse mutual fund charges

**John and Donald (1974)** examined the relationship between the stated fund objectives and their risks-return attributes and concluded that on an average, the fund managers appeared to keep their portfolios within the stated risk. **Ippolito (1989)** concludes that mutual funds on aggregate offer superior returns but they are offset by expenses and load charges.

**Barua, Raghunathan and Varma (1991)** evaluated the performance of Master Share during the period 1987 to 1991 using Sharpe, Jensen and Treynor measures and concluded that the fund performed better than the market, but not so well as compared to the Capital Market Line.

Although emerging markets such as India have attracted the attention of investors all over the world, they have remained devoid of much systematic research, especially in the area of mutual funds. In an effort to plug this gap, a study by **Gupta and Aggarwal (2007)** sought to check the performance of mutual funds operation in India. In this regard, quarterly returns performance of all the equity-diversified mutual funds during the period from January 2002 to December 2006 was tested.

**Guha (2008)** focused on return-based style analysis of equity mutual funds in India using quadratic optimization of an asset class factor model proposed by William Sharpe. The study found the "Style Benchmarks" of each of its sample of equity funds as optimum exposure to 11 passive asset class indexes. The study also analyzed the relative performance of the funds with respect to their style benchmarks. The results of the study showed that the funds have not been able to beat their style benchmarks on the average.

**Anand and Murugaiah (2008)** examined the components and sources of investment performance in order to attribute it to specific activities of Indian fund managers. They also attempted to identify a part of observed return which is due to the ability to pick up the best securities at given level of risk. For this purpose, Fama's methodology is adopted here. The study covers the period between April 1999 and March 2003 and evaluates the performance of mutual funds based on 113 selected schemes having exposure more than 90 percent of corpus to equity stocks of 25 fund houses. The empirical results reported reveal the fact that the mutual funds were not able to compensate the investors for the additional risk that they have taken by investing in the mutual funds.

### NEED FOR THE STUDY

Generally most of the investors investing in mutual funds in order to avail tax benefits and also to earn returns, in this connection they would park their funds in the tax saving schemes. A study required to analyze the performance of selected tax saving schemes to fulfill the objectives of the investors. Hence the study has been undertaken.

### OBJECTIVES OF THE STUDY

The main objective of the study is to make investors aware of performance and provide information on the comparison of tax saving funds of selected asset management companies.

The specific objectives are:

1. To study and analyze the performance of tax saving funds.
2. To compare the performance of selected tax saving funds with their benchmarks
3. To compare the selected tax saving funds through performance measures

**RESEARCH METHODOLOGY**

The following research methodology has been adopted for assessing the performance of tax saving funds of selected Asset Management Companies in the market.

**Data Sources**

The present study is purely based on secondary data. The data is collected from the fact sheets, reports and websites of the selected asset management companies such as HDFC, FRANKLIN INDIA, RELIANCE, SBI and ICICI. Further, magazines, books and journals etc. are considered.

**Tools for analysis**

In this study, the tools used for the analysis are Standard Deviation, Beta, Treynor’s Ratio, Sharp Ratio and Jensen Measure for a period of 5 years from 2007 to 2011.

**Variance and standard deviation**

The following steps are involved in calculating variance or standard deviation of returns of assets or securities using historical returns:

Calculate the average rate of return using equation

$$\text{Average Return}(\bar{R}_p) = \frac{\sum R_p}{N} \dots\dots\dots(1)$$

Calculate the deviation of individual rates of return from the average rate of return and square it. i.e.,

$$(R - \bar{R})^2 \dots\dots\dots(2)$$

Calculate the sum of the squares of the deviations as determined in the preceding step and divide it by the number of periods ( or observations) less one to obtain variance

$$\text{Variance}(V) = \frac{\sum(R-R)^2}{n-1} \dots\dots\dots(3)$$

Calculate the square root of the variance to determine the standard deviation

$$\text{Standard Deviation}(S.D.) = \sqrt{V} \dots\dots\dots(4)$$

**Calculation of Beta**

A measure of risk commonly advocated is beta. The beta of a portfolio is computed the way the beta of an individual security is computed, to calculate the beta of a portfolio, regress the rate or return of the portfolio on the rate of return of a market index. The slope of this regression line is the portfolio beta. Remember that is reflects the systematic risk of the portfolio.

$$\text{Beta}(\beta) = \frac{n \sum XY - (\sum X + \sum Y)}{n \sum X^2 - (\sum X)^2} \dots\dots\dots(5)$$

**Performance measures**

For evaluating the performance of a portfolio it is necessary to consider both risk and return. The three popularly employed portfolio performance measure are treynor measure, the Sharpe measure and the Jensen measure.

**Treynor measure**

According to Jack Treynor, systematic risk or beta is the appropriate measure of risk, as suggested by the capital asset pricing model. The treynor measure of portfolio relates the excess return on a portfolio to the portfolio beta

$$\text{Treynor Ratio} = \frac{\text{Average Return on Portfolio} - \text{average return of return on risk free investment}}{\text{S.D.of Return on Portfolio}} \dots\dots\dots(6)$$

$$\text{Treynor ratio} = \frac{\bar{R}_p - R_f}{\beta_p} \dots\dots\dots(7)$$

The numerator of the treynor measure is the risk premium earned by the portfolio; the denominator, the systematic risk (beta). Hence, the treynor measure reflects the excess return earned per unit of risk. As systematic risk is the measure of risk, the treynor measure implicitly assumes that the portfolio is well diversified.

**Sharpe ratio**

The Sharpe measure is the similar to the treynor measure except that it employs standard deviation, not beta, as the measure of risk.

Thus,

$$\text{Sharp Ratio} = \frac{\text{Average Return on Portfolio} - \text{average return of return on risk free investment}}{\text{S.D.of return of portfolio}} \dots\dots\dots(8)$$

$$\text{Sharp Ratio} = \frac{\bar{R}_p - R_f}{\sigma_p} \dots\dots\dots(9)$$

Hence the Sharpe ratio measure reflects the excess return earned on a portfolio per unit of total risk (standard deviation)

**Jensen measure**

Like the Treynor measure, the Jensen measure or Jensen’s alpha is based on the capital asset pricing model. It reflects the difference between the return actually earned on a portfolio and the portfolio was supposed to earn, given its beta as per the capital asset pricing model. Thus, the Jensen measure is:

$$\text{Jensen Measure} = \text{Average rate of return on Portfolio} - \left[ \text{Risk Free return} + \beta_{\text{portfolio}} \left[ \text{Average return on market portfolio} - \text{Risk Free return} \right] \right] \dots\dots\dots(10)$$

$$\text{Jensen Measure} = \bar{R}_p - [R_f + \beta_p[\bar{R}_m - R_f]] \dots\dots\dots(11)$$

**RESULTS AND DISCUSSION**

**STANDARD DEVIATION AND RETURN OF FIVE FUNDS**

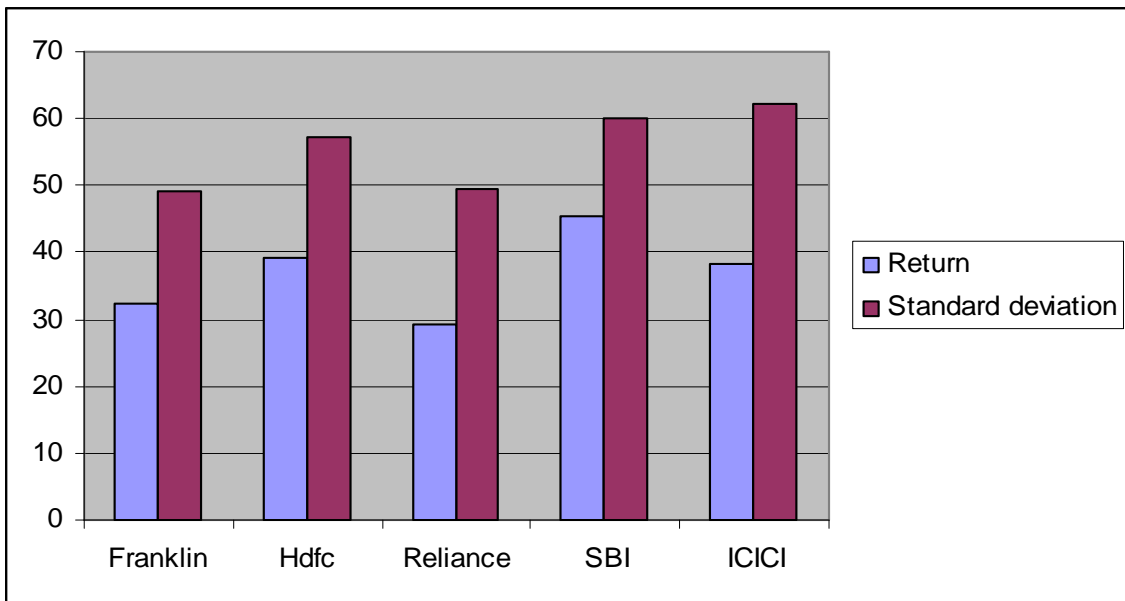
**TABLE 6: SHOWING RETURN VS. RISK**

Fund	Return	Standard deviation
Franklin	32.34	49.17
HDFC	39.18	57.26
Reliance	29.20	49.36
SBI	45.57	59.99
ICICI	38.37	62.07

Source: Compiled from Secondary data (Refer Annexure)



GRAPH 1: SHOWING RETURN VS RISK



INFERENCE: SBI Magnum Tax Gain has a risk (standard deviation) of 59.99, which has given the highest return among selected funds. COMPARISON BETWEEN RETURNS OF FUND AND BENCHMARK RETURNS

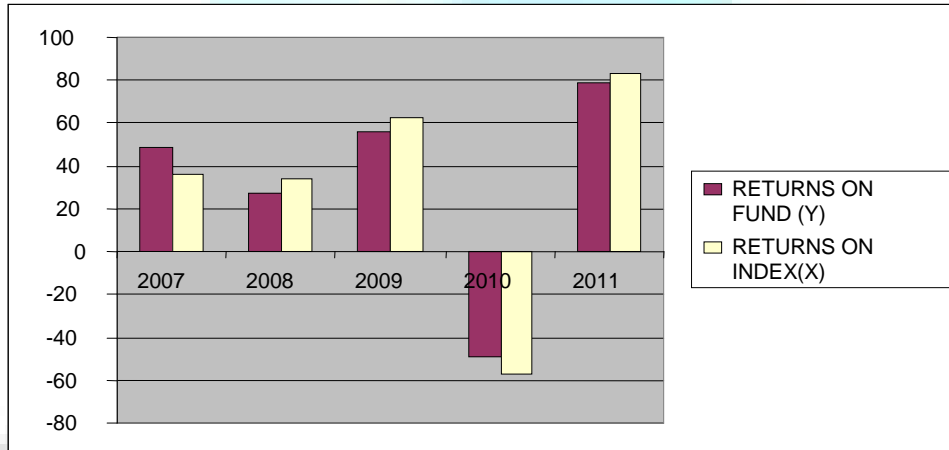
1. FRANKLIN INDIA TAX SHIELD

TABLE 7: RETURN OF FRANKLIN INDIA TAX SHIELD VS BENCHMARK'S RETURN

YEAR	RETURNS ON FUND (Y)	RETURNS ON INDEX(X)
2007	48.93	36.25
2008	27.17	33.98
2009	56.02	62.25
2010	-49.22	-57.126
2011	78.81	83.34

Source: Compiled from Secondary data

GRAPH 2: RETURN OF FRANKLIN INDIA TAX SHIELD VS BENCHMARK'S RETURN



INFERENCE

From the above diagram it is found that the fund yielded 48.93% return while index return is 36.25% in 2005. In the year 2008 index return is -57.126% while fund return is -49.21%

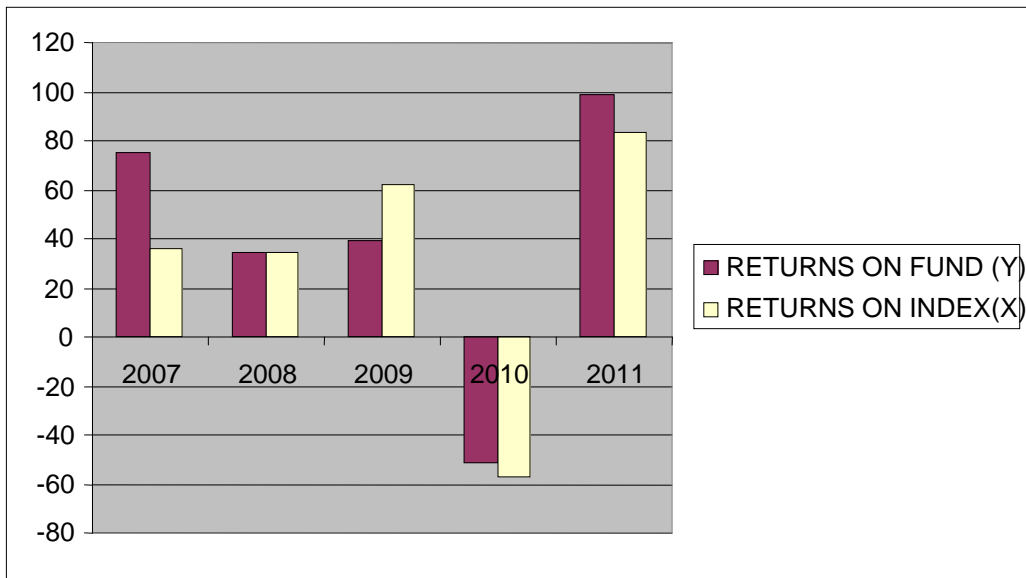
2. HDFC TAX SAVER

TABLE 8: RETURN OF HDFC TAX SAVER FUND VS BENCHMARK'S RETURN

YEAR	RETURNS ON FUND (Y)	RETURNS ON INDEX(X)
2007	74.84	36.25
2008	34.12	33.98
2009	39.44	62.25
2010	-51.55	-57.126
2011	99.07	83.34

Source: Compiled from Secondary data

GRAPH 3: RETURN OF HDFC TAX SAVER FUND VS BENCHMARK'S RETURN



INFERENCE

From the above diagram it is found that the fund yielded 74.84% return while index return is 36.25% in 2005. In the year 2008 index return is -57.126% while fund return is -51.55%.

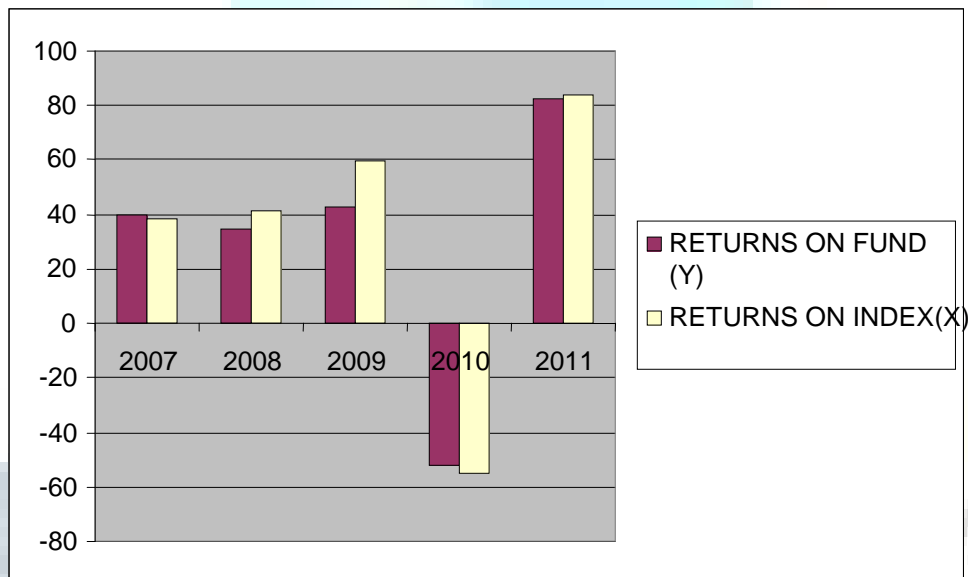
3. RELIANCE TAX SAVING FUND

TABLE 9: RETURN OF RELIANCE TAX SAVING FUND VS BENCHMARK'S FUND

YEAR	RETURNS ON FUND (Y)	RETURNS ON INDEX(X)
2007	39.44	38.3466
2008	34.49	40.9684
2009	42.40	59.7449
2010	-52.35	-55.2814
2011	82.01	83.79

Source: Compiled from Secondary data

GRAPH 4: RETURN OF RELIANCE TAX SAVING FUND VS BENCHMARK'S FUND



INFERENCE

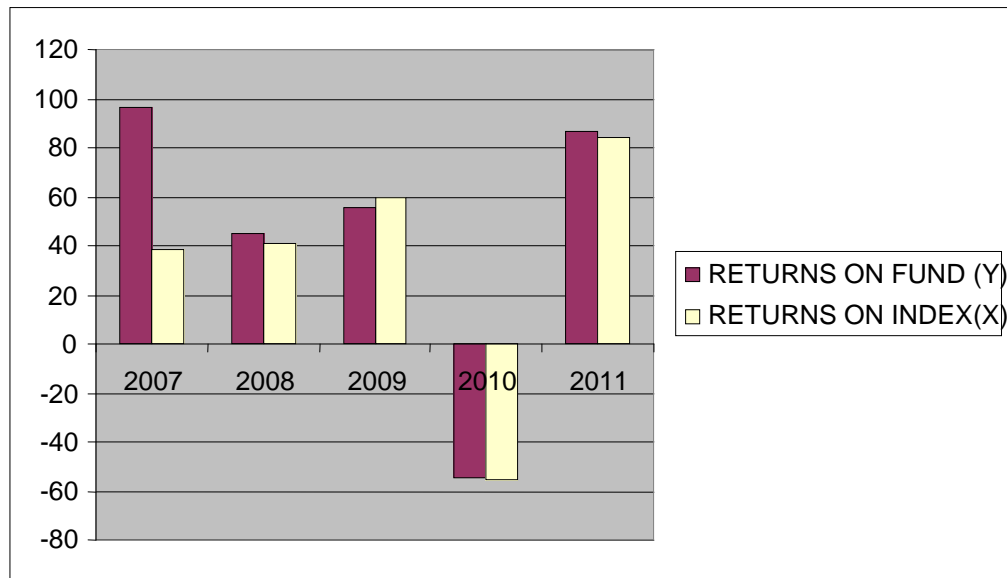
From the above diagram it is found that the fund yielded 39.44% return while index return is 38.34% in 2005. In the year 2008 index return is -55.28% while fund return is -52.35%.

4. SBI MAGNUM TAX GAIN

TABLE 10: RETURN OF SBI MAGNUM TAX GAIN FUND VS BENCHMARK'S FUND

YEAR	RETURNS ON FUND (Y)	RETURNS ON INDEX(X)
2007	96.06	38.3466
2008	44.96	40.9684
2009	55.27	59.7449
2010	-54.86	-55.2814
2011	86.42	83.79

GRAPH 5: RETURN OF SBI MAGNUM TAX GAIN FUND VS BENCHMARK'S FUND



Source: Compiled from Secondary data

INFERENCE: From the above diagram it is found that the fund yielded 96.06% return while index return is 38.34% in 2007. In the year 2008 index return is -55.28% while fund return is -54.86%.

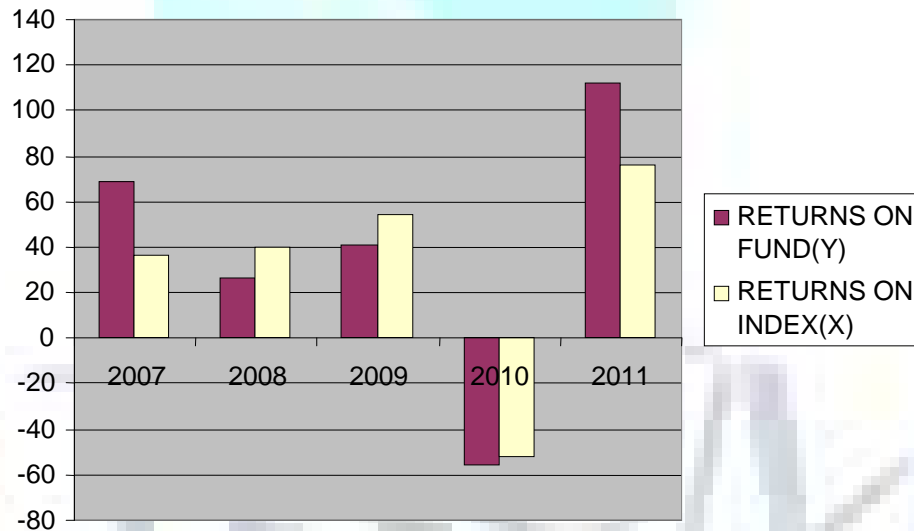
5. ICICI PRUDENTIAL TAX PLAN

TABLE 11: RETURN OF ICICI PRU.TAX PLAN VS BENCHMARK'S FUND

YEAR	RETURNS ON FUND (Y)	RETURNS ON INDEX(X)
2007	68.80	36.34
2008	26.15	39.83
2009	40.95	54.77
2010	-56.03	-51.79
2011	112	75.76

Source: Compiled from Secondary data

GRAPH 6: RETURN OF ICICI PRU.TAX PLAN VS BENCHMARK'S FUND



INFERENCE: From the above diagram it is found that the fund yielded 40.95% return while index return is 54.77 % in 2007. In the year 2008 index return is -51.79% while fund return is -56.03%.

CALCULATION OF BETA VLAUES

1. FRANKLIN INDIA TAX SHIELD

TABLE 12: BETA CALCULATION FOR FRANKLIN INDIA TAX SHIELD

YEAR	RETURNS ON FUND (Y)	RETURNS ON INDEX(X)	XY	X <sup>2</sup>
2007	48.93	36.25	1773.7125	1314.0625
2008	27.17	33.98	923.2366	1154.6404
2009	56.02	62.25	3487.245	3875.0625
2010	-49.22	-57.126	2811.74172	3263.3798
2011	78.81	83.34	6568.0254	6945.5556
TOTAL	161.71	158.694	15563.96122	16552.7008

Source: Compiled from Secondary data

$$Beta(\beta) = \frac{n \sum XY - (\sum X * \sum Y)}{n \sum X^2 - (\sum X)^2} \dots\dots\dots(12)$$

$$= 5(15563.96122) - (158.694 * 161.710) / 5 * 16552.7008 - (158.694 * 158.694)$$

$$= 0.9058$$

INFERENCE

The fund beta value is 0.9058 (< 1) so the stock is defensive. If the market goes up it will also move up but a little bit lower.

**2. HDFC TAX SAVER**

**TABLE 13: BETA CALCULATION FOR HDFC TAX SAVER**

YEAR	RETURNS ON FUND (Y)	RETURNS ON INDEX(X)	XY	X <sup>2</sup>
2007	74.84	36.25	2712.95	1314.0625
2008	34.12	33.98	1159.3976	1154.6404
2009	39.44	62.25	2455.14	3875.0625
2010	-51.55	-57.126	2944.8453	3263.3798
2011	99.07	83.34	8256.4938	6945.5556
TOTAL	195.92	158.694	17528.8267	16552.7008

Source: Compiled from Secondary data

$$Beta(\beta) = \frac{n \sum XY - (\sum X * \sum Y)}{n \sum X^2 - (\sum X)^2} \dots\dots\dots(13)$$

$$= 5(17528.8267) - (158.694 * 195.92) / 5 * 16552.7008 - (158.694 * 158.694)$$

$$= 0.9821$$

INFERENCE

The fund beta value is 0.9821 (< 1) so the stock is defensive. If the market goes up it will also move up but a little bit lower.

**3. RELIANCE TAX SAVING FUND**

**TABLE 14: BETA CALCULATION FOR RELIANCE TAX SAVING FUND**

YEAR	RETURNS ON FUND (Y)	RETURNS ON INDEX(X)	XY	X <sup>2</sup>
2007	39.44	38.3466	1512.3899	1470.4617
2008	34.49	40.9684	1413.0001	1678.4078
2009	42.40	59.7449	2533.1838	3569.4530
2010	-52.35	-55.2814	2893.9813	3056.0331
2011	82.01	83.79	6871.6179	7020.7641
TOTAL	145.99	167.5685	15224.173	16795.1197

Source: Compiled from Secondary data

$$Beta(\beta) = \frac{n \sum XY - (\sum X * \sum Y)}{n \sum X^2 - (\sum X)^2} \dots\dots\dots(14)$$

$$= 5(15224.173) - (145.99 * 167.5685) / 5 * 16795.1197 - (167.5685 * 167.5685)$$

$$= 0.9241$$

INFERENCE

The fund beta value is 0.9241 (< 1) so the stock is defensive. If the market goes up it will also move up but a little bit lower.

**4. SBI MAGNUM TAX GAIN**

**TABLE 15: BETA CALCULATION FOR SBI MAGNUM TAX GAIN**

YEAR	RETURNS ON FUND (Y)	RETURNS ON INDEX(X)	XY	X <sup>2</sup>
2007	96.06	38.3466	3683.5743	1470.4617
2008	44.96	40.9684	1841.9392	1678.4078
2009	55.27	59.7449	3302.1006	3569.4530
2010	-54.86	-55.2814	3032.7376	3056.0331
2011	86.42	83.79	7241.1318	7020.7641
TOTAL	227.85	167.5685	19101.4835	16795.1197

Source: Compiled from Secondary data

$$Beta(\beta) = \frac{n \sum XY - (\sum X * \sum Y)}{n \sum X^2 - (\sum X)^2} \dots\dots\dots(15)$$

$$= 5(19101.4835) - (227.85 * 167.5685) / 5 * 16795.1197 - (167.5685 * 167.5685)$$

$$= 1.0255$$

INFERENCE

The fund beta value is 1.0255 (> 1) so the stock is aggressive. If the market goes up it will also move up but a little bit higher.

**5. ICICI PRUDENTIAL TAX PLAN**

**TABLE 16: BETA CALCULATION FOR ICICI PRU.TAX PLAN**

YEAR	RETURNS ON FUND (Y)	RETURNS ON INDEX(X)	XY	X <sup>2</sup>
2007	68.80	36.34	2500.192	1320.5956
2008	26.15	39.83	1041.5545	1586.4289
2009	40.95	54.77	2242.8135	2999.7529
2010	-56.03	-51.79	2901.7937	2682.2041
2011	112	75.76	8485.12	5739.5776
TOTAL	191.87	154.91	17171.4737	14328.5591

Source: Compiled from Secondary data

$$Beta(\beta) = \frac{n \sum XY - (\sum X * \sum Y)}{n \sum X^2 - (\sum X)^2} \dots\dots\dots(16)$$

$$= 5(17171.4737) - (154.91 * 191.87) / 5 * 14328.5591 - (154.91 * 154.91)$$

$$= 1.1781$$

INFERENCE

The fund beta value is 1.1781 (> 1) so the stock is aggressive. If the market goes up it will also move up but a little bit higher.

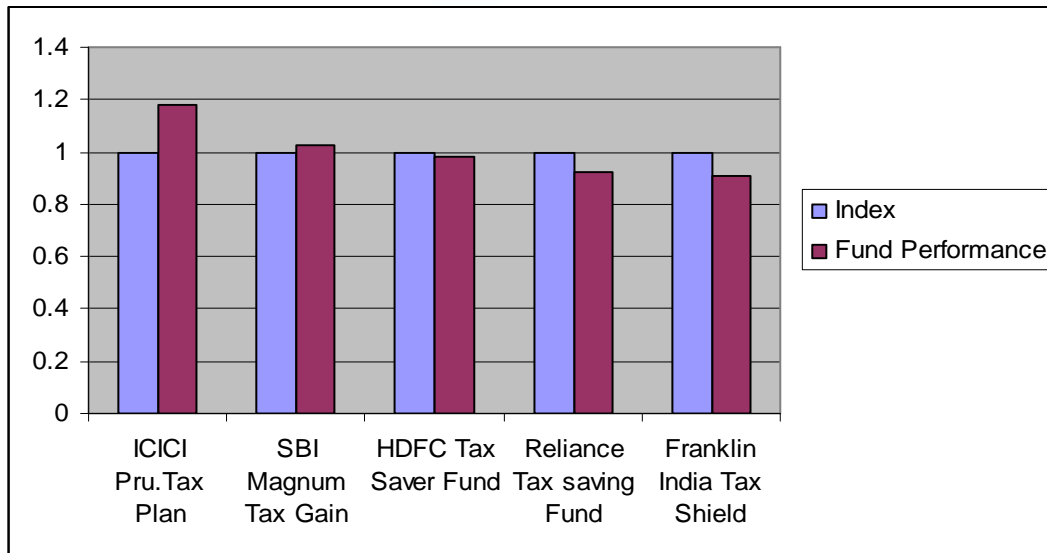
BETA VALUES OF FIVE SCHEMES

TABLE 17: BETA VALUES OF ALL FUNDS

Fund Name	Beta Values	Findings
ICICI Pru.Tax Plan	1.1781	Aggressive
SBI Magnum Tax Gain	1.0255	
HDFC Tax Saver Fund	0.9821	
Reliance Tax saving Fund	0.9241	Defensive
Franklin India Tax Shield	0.9058	

Source: Compiled from Secondary data

GRAPH 7: PLOTTED WITH THE SELECTED FUND BETA VALUES



INFERENCE

ICICI Pru.Tax Plan & SBI are Aggressive funds with beta values of > 1 (1.1781 & 1.025)

MEASURING THE PERFORMANCE OF THE SCHEMES

1. Treynor Ratio

$$Treynor\ ratio = \frac{R_p - R_f}{\beta_p} \dots\dots\dots(17)$$

FRANKLIN	=	32.34 - 9 / 0.9058	= 25.7672
HDFC	=	39.18 - 9 / 0.9821	= 30.7300
RELIANCE	=	29.20 - 9 / 0.9241	= 21.8591
SBI	=	45.57 - 9 / 1.0255	= 35.6606
ICICI	=	38.37 - 9 / 1.1781	= 24.9299

INFERENCE

As per Treynors ratio SBI Magnum Tax Gain has performed well.

2. Sharpe Ratio

$$Sharp\ Ratio = \frac{R_p - R_f}{\sigma_p} \dots\dots\dots(18)$$

FRANKLIN	=	32.34 - 9 / 49.17	= 0.4746
HDFC	=	39.18 - 9 / 57.26	= 0.5270
RELIANCE	=	29.20 - 9 / 49.36	= 0.4092
SBI	=	45.57 - 9 / 59.99	= 0.6096
ICICI	=	38.37 - 9 / 62.07	= 0.4731

INFERENCE

As per Sharpe ratio SBI Magnum Tax Gain has performed well

3. Jensen Measure

$$Jensen\ Measure = \bar{R}_p - [R_f + \beta_p[\bar{R}_m - R_f]] \dots\dots\dots(19)$$

FRANKLIN	=	32.34 - [(9 + 0.9058(31.7388 - 9))]	= 2.75
HDFC	=	39.18 - [(9 + 0.9821(31.7388 - 9))]	= 7.85
RELIANCE	=	29.20 - [(9 + 0.9241(33.5137 - 9))]	= -2.45
SBI	=	45.57 - [(9 + 1.0255(33.5137 - 9))]	= 11.44
ICICI	=	38.37 - [(9 + 1.1781(30.982 - 9))]	= 3.47

INFERENCE

As per Jensen's ratio SBI Magnum Tax Gain has performed well.

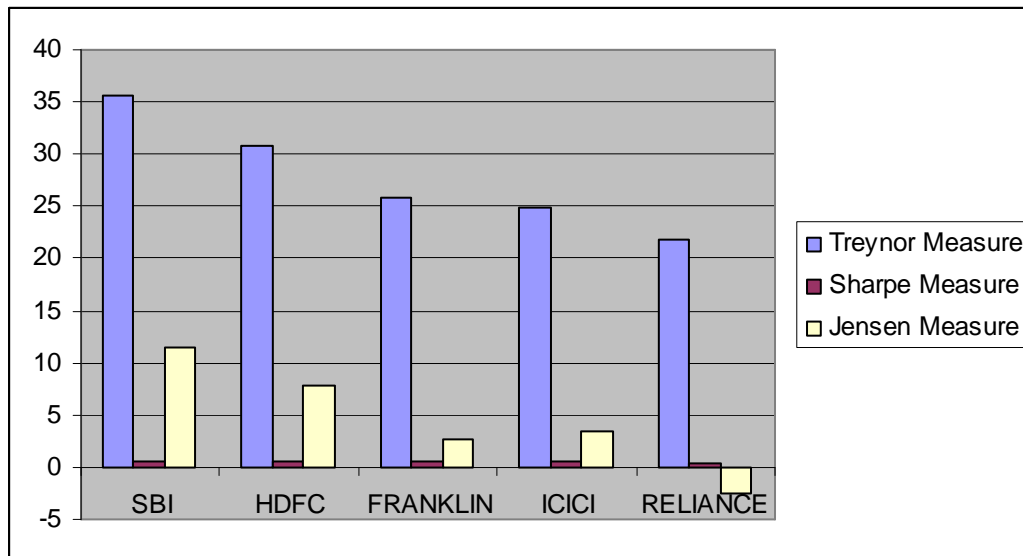
STATISTICAL ANALYSIS OF FUND PERFORMANCE

TABLE 18: STATISTICAL ANALYSIS OF FUND PERFORMANCE

FUND	Treynor Measure	Sharpe Measure	Jensen Measure
SBI	35.6606	0.6096	11.44
HDFC	30.7300	0.5270	7.85
FRANKLIN	25.7672	0.4746	2.75
ICICI	24.9299	0.4731	3.47
RELIANCE	21.8591	0.4092	-2.45

Source: Compiled from Secondary data

GRAPH 8: STATISTICAL ANALYSIS OF FUND PERFORMANCE



## INFERENCE

As per performance measures, SBI is in 1<sup>ST</sup> place and Reliance is in 5<sup>th</sup> place

## SUMMARY AND CONCLUSION

## MAJOR FINDINGS

After analyzing the data, it is understood that the SBI Magnum Tax Gain and HDFC Tax saver fund have performed better with average return of 45.57% and 39.18% respectively when compared to its benchmark return BSE 100 and S&P CNX 500 of 33.5137% and 31.7388%. Further, SBI Magnum Tax Gain has a risk (standard deviation) of 59.99, which has given the highest return among selected funds. In the case of return, the Reliance Tax saving Fund has given less return when compared to its benchmark BSE 100 with a high risk (standard deviation) of 49.36%. With the beta calculation it is found that the ICICI Prudential Tax Plan and SBI are Aggressive funds with beta values of > 1 (1.1781 & 1.025). Using the financial tools, it is analyzed and found that SBI Magnum Tax Gain is in the first place and Reliance Tax saving Fund is in the last place in performance among the selected funds.

## SUGGESTIONS

- Investors can go ahead in investing in HDFC Tax Saver fund and SBI Magnum Tax Gain for acquiring better returns as well as tax savings.
- Reliance AMC has to revise Reliance Tax saving Fund portfolio to increase fund returns and provide to the investors a more secure investment option along with tax saving.
- AMC's should take more efforts on spreading awareness about taxing mutual funds as these investment instruments provides a higher return with tax saving

## CONCLUSION

Mutual funds are one of the best investments ever created because they are very cost efficient and very easy to invest in. All the selected schemes have allocated majority of corpus to large cap stock and some schemes also have allocation to mid cap. Various external causes affect the fund performance. It is suggestable for the investors to choose the right scheme according to their risk apatite tolerance and objective of the scheme. And it is always suggested to invest in equity schemes for longer tenure. Investors while investing in the mutual funds is very cautious. ICICI Prudential Tax Plan and SBI Magnum Tax Gain fund's beta is more than one, so these funds are having aggressive relationship with market.

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## WEBSITES

- <http://www.amfiindia.com>
- <http://www.bseindia.com>
- <http://www.camsonline.com>
- <http://www.moneycontrol.com>
- <http://www.mutualfundsindia.com>
- <http://www.valueresearchonline.com>

**ANNEXURE**

**CALCULATION OF STANDARD DEVIATION OF SELECTED FUNDS**

**1. HDFC TAX SAVER**

**TABLE 1: SD FOR HDFC TAX SAVER**

YEAR	RETURN(R)	AVERAGE RETURN( $\bar{R}_p$ )	$(R - \bar{R})$	$(R - \bar{R})^2$
2007	74.84	39.18	35.66	1271.6356
2008	34.12	39.18	-5.06	25.6036
2009	39.44	39.18	0.26	0.0676
2010	-51.55	39.18	-90.73	8231.9329
2011	99.07	39.18	59.89	3586.8121
TOTAL	195.92			13116.051

Source: Compiled from Secondary data

$Average\ Return(\bar{R}_p) = \frac{\sum R_p}{N} \dots\dots\dots(20)$

= 195.92/5

= 39.184

$\sum(R - \bar{R})^2 = 3116.0518$

$Variance(V) = \frac{\sum(R - \bar{R})^2}{n-1} \dots\dots\dots(21)$

= 13116.0518/4

= 3279.01295

$Standard\ Deviation(S.D.) = \sqrt{V} = 57.26$

**2. FRANKLIN INDIA TAX SHIELD**

**TABLE 2: SD FOR FRANKLIN INDIA TAX SHIELD**

YEAR	RETURN(R)	AVERAGE RETURN( $\bar{R}_p$ )	$(R - \bar{R})$	$(R - \bar{R})^2$
2007	48.93	32.34	16.59	275.2281
2008	27.17	32.34	-5.17	26.7289
2009	56.02	32.34	23.68	560.7424
2010	-49.22	32.34	-81.56	6652.0336
2011	78.81	32.34	46.47	2159.4609
TOTAL	161.71			9674.1939

Source: Compiled from Secondary data

$Average\ Return(\bar{R}_p) = \frac{\sum R_p}{N} \dots\dots\dots(22)$

= 161.71/5

= 32.34

$\sum(R - \bar{R})^2 = 9674.1939$

$Variance(V) = \frac{\sum(R - \bar{R})^2}{n-1} \dots\dots\dots(23)$

= 9674.1939/4

= 2418.548475

$Standard\ Deviation(S.D.) = \sqrt{V}$

= 49.17

**3. RELIANCE TAX SAVING FUND**

**TABLE 3: SD FOR RELIANCE TAX SAVING FUND**

YEAR	RETURN(R)	AVERAGE RETURN( $\bar{R}_p$ )	$(R - \bar{R})$	$(R - \bar{R})^2$
2007	39.44	29.20	10.24	104.8576
2008	34.49	29.20	5.29	27.9841
2009	42.40	29.20	13.20	174.24
2010	-52.35	29.20	-81.55	6650.4025
2011	82.01	29.20	52.81	2788.8961
TOTAL	145.99			9746.3803

Source: Compiled from Secondary data

$Average\ Return(\bar{R}_p) = \frac{\sum R_p}{N} \dots\dots\dots(24)$

= 145.99/5

= 29.20

$\sum(R - \bar{R})^2 = 9746.3803$

$Variance(V) = \frac{\sum(R - \bar{R})^2}{n-1} \dots\dots\dots(25)$

= 9746.3803/4

= 2436.595

$Standard\ Deviation(S.D.) = \sqrt{V}$

= 49.36

**4. SBI MAGNUM TAX GAIN**

**TABLE 4: SD FOR SBI MAGNUM TAX GAIN**

YEAR	RETURN(R)	AVERAGE RETURN( $\bar{R}_p$ )	$(R - \bar{R})$	$(R - \bar{R})^2$
2007	96.06	45.57	50.49	2549.2401
2008	44.96	45.57	-0.61	0.3721
2009	55.27	45.57	9.7	94.09
2010	-54.86	45.57	-100.43	10086.1849
2011	86.42	45.57	40.85	1668.7225
TOTAL	227.85			14398.6096

Source: Compiled from Secondary data

$$\text{Average Return}(\bar{R}_p) = \frac{\sum R_p}{N} \dots\dots\dots(26)$$

$$= 227.85/5$$

$$= 45.57$$

$$\sum(R - \bar{R})^2 = 14398.6096$$

$$\text{Variance}(V) = \frac{\sum(R - \bar{R})^2}{n-1} \dots\dots\dots(27)$$

$$= 14398.6096/4$$

$$= 3599.6524$$

$$\text{Standard Deviation}(S.D.) = \sqrt{V}$$

$$= 59.99$$

**5. PRUDENTIAL ICICI TAX PLAN**

**TABLE 5: SD FOR ICICI PRU. TAX PLAN**

YEAR	RETURN(R)	AVERAGE RETURN( $\bar{R}_p$ )	$(R - \bar{R})$	$(R - \bar{R})^2$
2007	68.80	38.37	30.43	925.9849
2008	26.15	38.37	-12.22	149.3284
2009	40.95	38.37	2.58	6.6564
2010	-56.03	38.37	-94.4	8911.36
2011	112	38.37	73.63	5421.3769
TOTAL	191.87			15414.7066

Source: Compiled from Secondary data

$$\text{Average Return}(\bar{R}_p) = \frac{\sum R_p}{N} \dots\dots\dots(28)$$

$$= 191.87/5$$

$$= 38.37$$

$$\sum(R - \bar{R})^2 = 15414.7066$$

$$\text{Variance}(V) = \frac{\sum(R - \bar{R})^2}{n-1} \dots\dots\dots(29)$$

$$= 15414.7066/4$$

$$= 3853.67665$$

$$\text{Standard Deviation}(S.D.) = \sqrt{V}$$

$$= 62.07$$



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I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

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