Fund - O -Meter -- Weekly

A Weekly Report on Mutual Funds

KARVY the Finapolis — Your Personal Finance Advisor

PF / MFW / 01122007 / 351 **Nov 26, 2007 to Nov 30, 2007**

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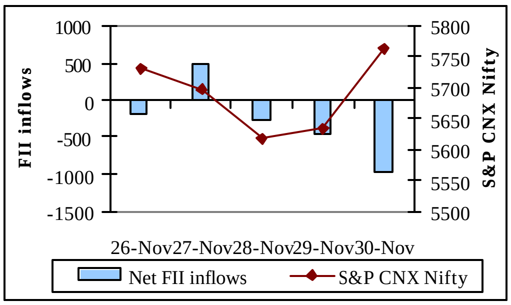
FII movement relative to Nifty



FII inflows in Rs. Crores *Source:* NSE, SEBI

Weekly FII transactions (equities)

	Nov 26 to Nov 30	Nov 19 to Nov 23
Gross purchases	18128.70	18760.60
Gross sales	19523.10	23004.80
Net inflows	-1394.40	-4244.20

Amt in Rs. crores *Data source:* SEBI

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Highlights

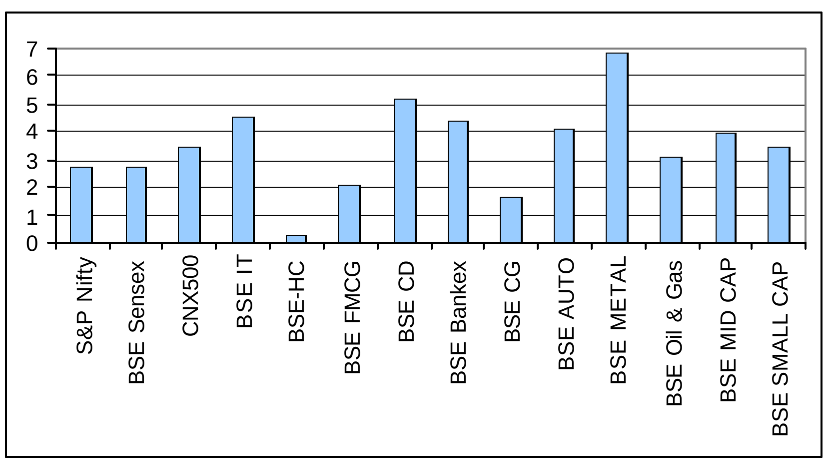
- **Markets ended in the green territory**
- **Continuous withdrawal of funds by FIIs**
- **Bond yields edged down further**
- **Crude oil Prices at their one month low**

The week in retrospect-Equity

The week started with the markets posting decent returns as the buying momentum picked up during the later half of the week. However volatility was high as the alternate bouts of buying and selling by FII's, caused by the redemption pressure in their home countries and fears of US recession arising from US housing slump and credit crisis. BSE Sensex rose 510.32 points or 2.70% to close at 19363.19 in the week while S&P CNX Nifty rose 154.15 points or 2.74% to close at 5762.75. Trading for the week began on a strong note with the BSE Sensex surging 394.67 points to close at 19,247.54. Selling continued on Wednesday, as Sensex declined by 188.86 points to close at 18,938.87. The Sensex surged 359.93 points or 1.89% to close at 19,363.19 on Friday led by the robust Q2 GDP growth data and healthy rollover of derivative contacts from November 2007 series to December 2007 series. During the week, Indian rupee weakened against the US dollar leading in rise of a few IT Stocks like TCS, Wipro, and Satyam & Infosys 5.62%, 4.13%, 5.57% & 2.96% respectively.

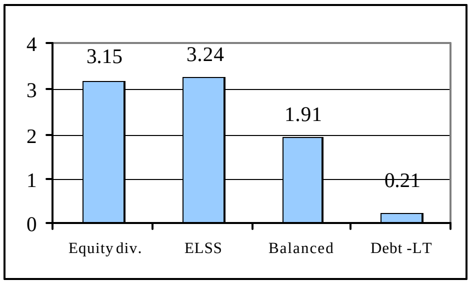
Also, FII's ended as net sellers in the equity market to the tune of Rs.1394.40 crores and mutual funds ended as net buyers to the tune of Rs.438.60 crores respectively.

Weekly Equity Indices Return (absolute %)



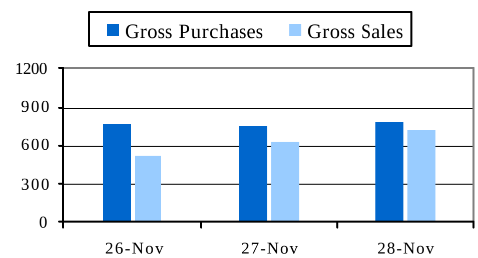
As on Nov 30 *Data source:* BSE, NSE

Weekly category returns (%)



Abs. returns as on Nov 30 Data source: Bloomberg

Weekly MF transactions (equities)



Amt in Rs. crores *Data source: SEBI*

In the equity market, mutual funds emerged as net buyers to the tune of Rs.438.60 crores.

Outlook:

Short-term: The market is expected to consolidate at higher levels before it makes any fresh moves. Sharp outflow of funds by foreign institutional investors (FII) is expected to dampen the sentiment.These concerns may continue to cast their shadow on the markets in the weeks to come. Considering the fact that, FII's follow calendar year as their accounting year FII selling may continue in the near term as they may resort to year-end profit taking.

Long-term: GDP rose to 8.9% after the second quarter which ended on 30th September, 07 This growth was fuelled by robust performance in the manufacturing, construction and services sectors and a noticeable improvement in the agriculture sector. Also, Q2 results were decent to strong signalling the strong fundamentals would support the Indian equities during the decline. Also, other important factors such as more than 35% saving rate, improving tax to GDP ratio (18%) indicate that corporate earnings growth rate are sustainable over long term.

Recommended schemes to invest		Historical returns as on Nov 30 (%)			Crisil Ranking
		6months (abs)	1 year (ann.)	3 year (ann.)	
Aggressive (Equity)	DSP ML India Tiger Fund	49.58	66.89	64.37	1
	Reliance Equity Opportunities	29.66	41.7	--	3
	ICICI Prudential Services Ind.	26.6	48.99	--	
Moderate (Equity)	Fidelity Equity Fund	29.24	45.63	--	-
	Fidelity India Special Situations	27.92	36.17	--	-
	ICICI Prudential Dynamic	21.77	35.82	52.32	1
Conservative (Equity)	DSP ML Top 100 Equity	37.84	55.42	51.83	1
	Franklin India Bluechip	33.15	42.55	45.75	4
	HSBC Equity Fund	44.16	50.48	47.53	3
	Templeton India Equity Income	30.11	48.14	--	-
ELSS	Fidelity Tax Advantage	31.19	48.81	--	-
	Franklin India Tax shield	19.62	20.68	33.15	
	SBI Magnum Tax Gain	37.6	16.54	30.25	2
Balanced	DSP ML Balanced	24.95	39.34	36.62	1
	Franklin India Balanced	7.29	24.58	31.35	2
	HDFC Prudence	26.24	35.12	41.52	2

*For qtr end Sep, 07 *Data source: MFI explorer*

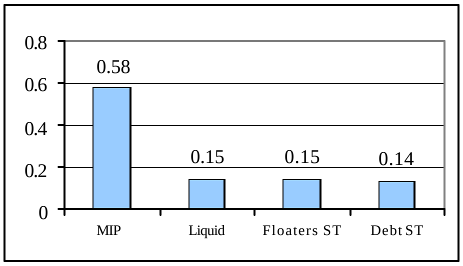
Note: Funds have been classified as aggressive, moderate and conservative on the basis of their portfolio concentration and exposure to various market segments.

Recommendations

Fresh investments: Markets have started consolidating after reaching highs with an accelerated pace over the last couple of months. Though fundamentals continue to back the positivity in the markets, it is advisable for investors to enter the market adopting a deferred approach. Midcap segment could be considered by aggressive investors. Themes like financial services and banking could prove to be a good bet. SIP investors could look at contra & diversified funds.

Existing investments: We reiterate our long-term bullish view on the markets. Hence, we suggest continuing with the existing holdings with a long-term perspective. However, one needs to be particular about the schemes in the portfolio.

Weekly category returns (%)



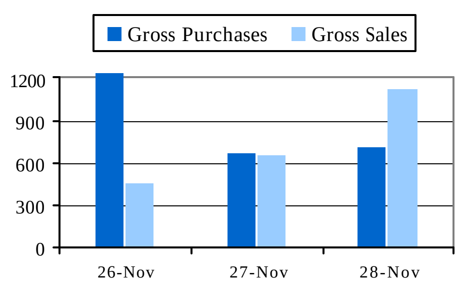
Abs. returns as on Nov 30 Data source: Bloomberg

Key statistics

	Nov 30	Nov 23
7.49% GOI 2017 yield	7.92%	7.90%
Call rate	7.82	6.25
WPI inflation (week ending Nov 10 and Nov 17)	3.21%	3.01%
Dollar exchange rate	39.63	39.72
Forex reserves ($ bn)	271.281 (Nov 23)	271.148 (Nov 16)

Source: bseindia.com

Weekly MF transactions (debt)



Amt in Rs. crores *Data source: SEBI*

In debt market, mutual funds emerged as net buyers to the tune of Rs.459.80 crores.

The week in retrospect-Debt

During the week, due to slowdown in oil price and lower US Treasury yields, Government bond yields edged down from its two-week high. On Monday, the state run Farm Sector lender National Bank for Agriculture and Rural Development (NABARD) raised Rs.665 Crores through a sale of coupon 9.15%, 3 years tenure bond. During the month, Reserve Bank of India increased the cash reserve ratio (CRR) by 0.50 bps, which drained out Rs.16000 crore from the money market. Crude oil prices dropped down to their one month low at $89 on Friday. Gold closed at Rs.10,305 per 10 grams which is Rs.35 lesser than the last weeks closing price. Inflation rose from 3.01% on Nov 10 to 3.21% for the week ended 17 November 2007.

Outlook:

Short-term: Indian federal bond yields are expected to drop down in the coming week, in the light of tight liquidity in the banking system. Despite the anguish over the real scope of the global credit crisis, recent data flow is suggesting that investors are still as focused on returns and so this is expected to lead to an investment in money market instruments.

Long-term: Liquidity flows are likely to be mopped up through further hikes in the cash reserve ratio. Consequently, banks are expected to move deposit rates further downward in the coming week, mainly on account of the fact that credit deposit ratio is 43% against 84% during the corresponding period of the last financial year. The investments from the long-term investors may increase the liquidity further, as this was evident from the drop in the one-year forward premia to 0.91 per cent (1.17 per cent).

Recommended schemes to invest		Return as on Nov 30 (%) 1 m	3 m	1 yr.	Expense ratio	Crisil rankin
Liquid Plus	HSBC Liquid Plus	0.67	1.99	8.26	0.65	-
Liquid	Can liquid	0.67	1.91	7.71	0.45	-
Arbitrage	StanChart Arbitrage	0.45	1.63	–	1.5	-
Kotak MF	17 Months FMP closing on 10 Dec, 07, Net indicative yield: Retail: 8.80% and Institutional 9.25%.					

Recommendations:

Short-term investors: Liquid funds could be considered for investment period up to 15 days. Liquid Plus funds are suitable for period between 15 days and 3 months. Arbitrage funds are recommended for investors with investment duration of 3 months to 1 year. These funds attract equity funds tax treatment, they offer additional advantage. Other investors for whom instant liquidity is not an issue, FMPs (shorter duration) can also be considered.

Long-term investors: Investors with a horizon of more than one year could consider FMPs (longer duration) in place of bank deposits due to FMP's favourable tax status which offers higher post-tax returns. Others looking to invest in liquid options could consider arbitrage funds and MIPs depending on the risk profile.

Forthcoming New Fund Offers:

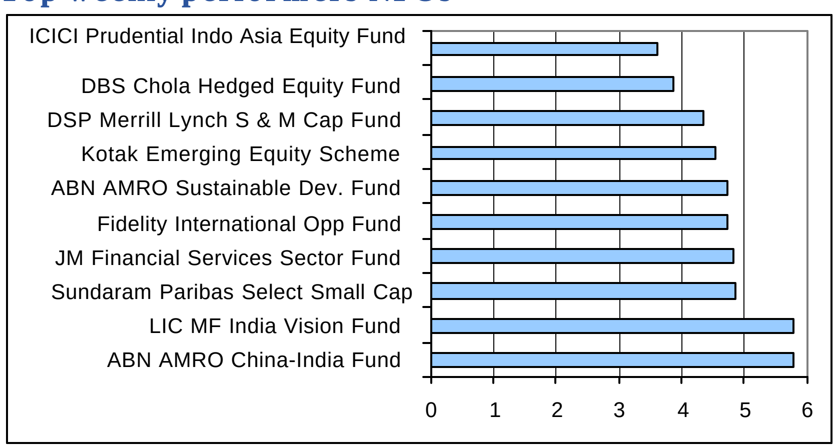
- JP Morgan fund house is expected to launch a new scheme named JP Morgan India Tax Advantage Fund. The open ended equity linked savings scheme is waiting for approval from SEBI.
- Birla Sun life Fund house is expected to launch a new scheme named Birla Sun life sector rotation fund. The 3 Year Close-ended Equity Scheme is waiting for approval from SEBI
- ICICI Pru fund house is expected to launch a new scheme named ICICI Prudential Focused Equity Fund. The open ended equity scheme is waiting for approval form SEBI.
- SBI Mutual Fund house is planning to launch SBI Emerging International Opp. Fund. This fund is waiting for approval from SEBI.
- SBI Mutual Fund house is planning to launch SBI Tax Advantage Fund-Series I. The 10 Year Close-ended Equity Linked Savings Scheme is waiting for approval from SEBI.
- Reliance AMC is planning to launch Reliance Infrastructure fund. The 3 Yrs. close ended fund is waiting for approval from SEBI.
- DWS AMC is planning to launce DWS Small and Midcap Fund. The open ended equity scheme is waiting for approval from SEBI.

NFO Corner

NFO's open for subscription:

- LIC AMC has launched LIC MF Top 100 Fund. The close-ended equity scheme would invest predominantly in equity and equity related instruments primarily drawn from the companies in CNX 100 Index. This fund is open till 14 Dec 07.
- Franklin Templeton AMC has launched Franklin Asia Equity Fund which will predominantly invest in equity and equity related instruments of Asian companies/sectors. The fund is open till 18 Dec 07.
- JM Financial AMC has launched JM Agri & Infra Fund. The Close-ended equity scheme would invest predominantly in equity and equity related securities focused on agriculture and infrastructure development of India. This fund is open till 18 Dec 07.
- UTI AMC has launched UTI Infrastructure Advantage Fund. The Close-ended equity scheme would invest predominantly in equity and equity related securities focused on infrastructure companies. This fund is open till 19 Dec 07.
- Chola AMC has launched DBS Chola Small Cap Fund. The Close-ended equity scheme would invest predominantly in equity and equity related securities focused on Small Cap companies. This fund is open till 20 Dec 07.
- Kotak AMC has launched Kotak Indo World Infrastructure Fund. The close-ended equity scheme would invest predominantly in Indian equities (at least 65% of the portfolio) and in overseas equities (up to 35% of the portfolio). The fund focuses on investing across infrastructure related sectors. This fund is open till 22 Dec 07.

Top weekly performers-NFOs*



**Weekly return in % as on Nov 23, 07* *Data source:* MFI Explorer

Note: *Funds launched since Jan 06 have been considered.*

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