

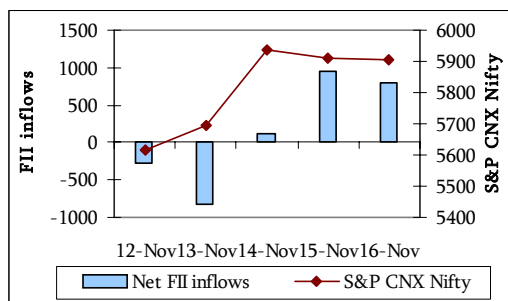
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Highlights

- ◆ Sensex recorded biggest ever single-day absolute gains
- ◆ Weak Industrial production data figures for Sep 07.
- ◆ Bonds yields at two week lows
- ◆ Inflation has gone up from its lows

FII movement relative to Nifty



FII inflows in Rs. Crores

Source: NSE, SEBI

Weekly FII transactions (equities)

	Nov 12 to Nov 16	Nov 5 to Nov 9
Gross purchases	23679.80	16122.10
Gross sales	22924.10	17497.60
Net inflows	755.70	-1375.50

Amt in Rs. crores

Data source: SEBI

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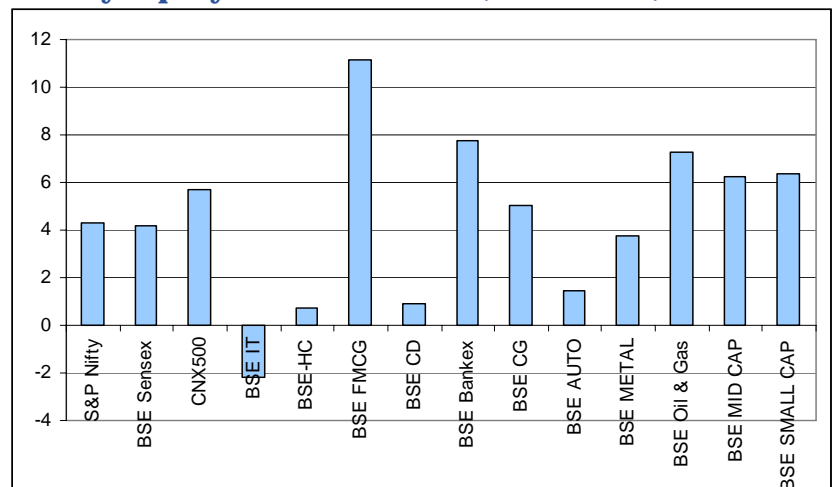
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The week in retrospect-Equity

The start of the week was led by the disappointing industrial production data for September 2007. However, markets rebounded later in the week on the eve of the easing political worries. Sensex surged 790.76 points or 4.18% to close at 19,698.36 in the week. Small and midcap indices have gone up by 6.39% and 6.22% respectively. On Wednesday, the sensex recorded the biggest intra-day absolute gains of 893.58 points or 4.69% on account of the strong global cues. Persistent worry about US credit crunch has led to a downfall of the market on Thursday, by 144.17 points to close at 19,784.89. Banking, Oil & Gas, IT and Metal stock were the key gainers. The top gainers were ITC, Reliance Industries, NTPC, L&T, HDFC and ICICI by 21.46%, 5.12%, 9.51%, 5.98, 9.68 and 6.69 respectively. State Bank of India rose 7.54% to close at Rs.1825.70 as the banks proposed a plan to raise funds through a rights issue.

Also, FII's ended as net buyers in the equity market to the tune of Rs.755.70 crores and mutual funds ended as net buyers to the tune of Rs.330.70 crores respectively.

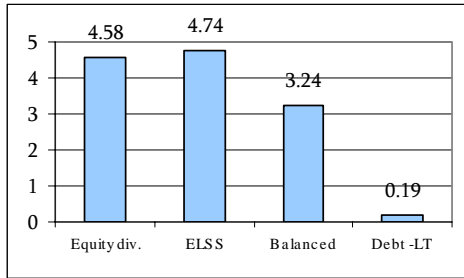
Weekly Equity Indices Return (absolute %)



As on Nov 16

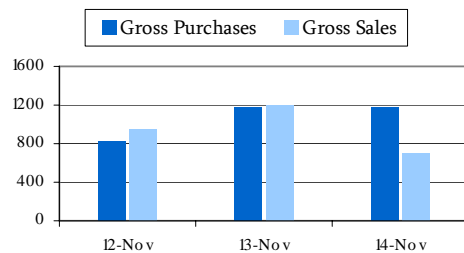
Data source: BSE, NSE

Weekly category returns (%)



Abs. returns as on Nov 16 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.330.70 crores.

Outlook:

Short-term: Biggest short term drive for the market is the Left and UPA meet about the operationalisation of the Indo US nuclear deal. The meet was initially scheduled on Friday 16th Nov, and has now been postponed for a period of 3 weeks as the winter parliamentary sessions are on. The Frontline shares have been the biggest gainers in the rally since the US Fed rate cut on September 18, driving up the Sensex by over 25% in the past couple of months. Therefore, the frontline shares are expected to correct from current levels. The rally is expected to start in the Mid Cap segment in the near term.

Long-term: GDP is expected to grow above 8% in the coming years, 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 signaling 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 as a percentage(18%) indicate that corporate earnings growth rate are sustainable over long term.

Recommended schemes to invest		Historical returns as on Nov 16 (%)			Crisil Ranking
		6months (abs)	1 year (ann.)	3 year (ann.)	
Aggressive (Equity)	DSP ML India Tiger Fund	57.55	78.07	67.67	1
	Reliance Equity Opportunities	31.85	43.23	--	3
	ICICI Prudential Services Ind.	30.01	51.17	--	
Moderate (Equity)	Fidelity Equity Fund	33.01	50.83	--	-
	Fidelity India Special Situations	27.67	36.78	--	-
	ICICI Prudential Dynamic	26.22	40.92	55.66	1
Conservative (Equity)	DSP ML Top 100 Equity	45.54	63.93	55.2	1
	Franklin India Bluechip	37.56	45.65	48.13	4
	HSBC Equity Fund	47.43	54.71	49.67	3
	Templeton India Equity Income	33.94	53.19	--	-
ELSS	Fidelity Tax Advantage	34.55	51.63	--	-
	Franklin India Tax shield	19.82	22.87	34.63	
	SBI Magnum Tax Gain	39.9	20.96	32.25	2
Balanced	DSP ML Balanced	30.39	42.99	38.29	1
	Franklin India Balanced	10.08	25.11	32.05	2
	HDFC Prudence	28.95	39.8	43.39	2

*For qtr end Sep, 07

Data source: MFI explorer

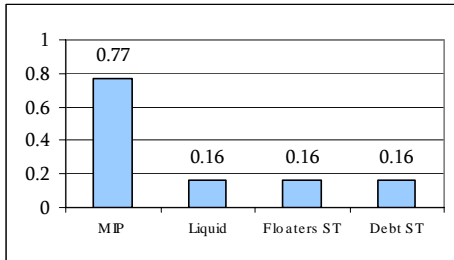
Note: Funds have been classified as aggressive, moderate and conservative on the basis of their portfolio concentration and exposure to various market segments.

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 (%)



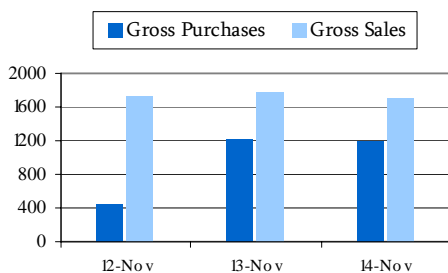
Abs. returns as on Nov 16 Data source: Bloomberg

Key statistics

	Nov 16	Nov 09
7.49% GOI 2017 yield	7.90%	7.95%
Call rate	8.00	6.25
WPI inflation (week ending Oct 27 and Nov 03)	3.11%	2.97%
Dollar exchange rate	39.35	39.32
Forex reserves (\$ bn)	270.181 (Nov 09)	266.51 (Nov 02)

Source: bseindia.com

Weekly MF transactions (debt)



Amt in Rs. crores

Data source: SEBI

In debt market, mutual funds emerged as net sellers to the tune of Rs.2376.30 crores.

The week in retrospect-Debt

Indian bond yields fell to their two week lows due to increased worries about the credit crunch in US. Government has been using various mechanisms to cut down on the liquidity prevailing in the market and for checking the rise in rupee that is trading at its highest level in almost a decade. Crude oil traded close to \$94 a barrel in New York after falling last week on speculation about slowing economic growth and forecast of mild winter in the U.S. which may have cut the demand. Gold closed at Rs.10,075 per 10 grams while the prices in US are hovering below \$800 per ounce. Rupee weakened during the week to close at 39.35 with the fresh risk aversion striking the Asian markets. Inflation has gone up from 2.97% for the week ended on Nov 2 to 3.11% on Nov 9.

Outlook:

Short-term: During the week RBI is expected to auction 7.99% 2017 government bond worth Rs.3,000 crore and another 8.35 per cent 2022 bond worth Rs 4,000 crore, on 23, Nov 2007 to partially reduce the liquidity in the system. One of the major concerns of the Indian government is the strengthening rate of the rupee. The increased MSS limit which was increased during the previous to the last week is expected to put brakes on the rate at which the rupee is growing.

Long-term: Inflation is easing out because of the comfortable supply of essential goods and high base effect. Though the FII outflows have begun to a greater extent during the last couple of weeks there is still a lot of liquidity persisting in the system. Singapore Bank upwardly revised its rupee forecast to Rs.37 by end of 2008. (Source: Reuters)

Recommended schemes to invest	Return as on Nov 16 (%)			Expense ratio	Crisil rankin	
	1 m	3 m	1 yr.			
Liquid Plus	HSBC Liquid Plus	0.66	1.97	8.22	0.65	-
Liquid	Can liquid	0.66	1.88	7.67	0.45	-
Arbitrage	StanChart Arbitrage	0.68	1.59	--	1.5	-
Principal AMC	385 days FMP closing on 22 Nov, 07, Net indicative yield: Retail: 7.55% Institutional 8.00%.					

*For qtr end June, 07

Data source: MFI explorer

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:

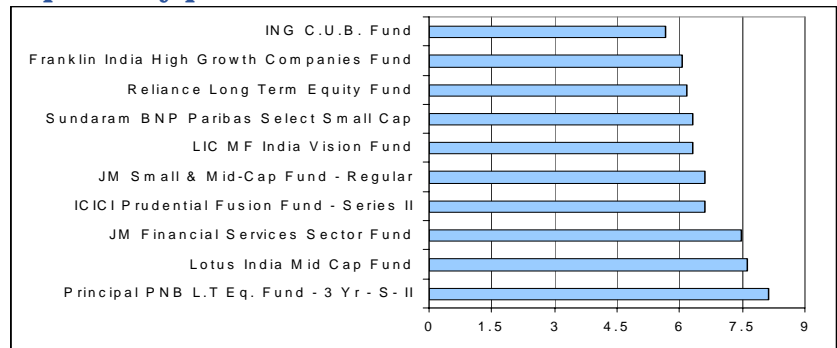
- ◆ DSP ML AMC is expected to launch DSPML Natural Resources Fund.
- ◆ Birla Sun life Fund house is expected to launch a new scheme named Birla Sun life Special Situations fund. The Scheme would follow an investment strategy that would take advantage of Special Situations and Contrarian investment style.
- ◆ 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:

- ◆ Lotus AMC has launched Lotus India AGILE Fund. The open-ended equity scheme would invest predominantly in equity and equity related instruments in a passive portfolio of stocks selected from the industry Leaders on the basis of mathematical models. This fund is open till 23 Nov 07.
- ◆ SBI has launched SBI Capital Protection Fund. The close ended debt fund will predominantly invest in Debt instruments and to a certain extent also invest in equity schemes. The fund is open till 23 Nov 07.
- ◆ JP Morgan AMC has launched JP Morgan India Smaller Companies Fund. The Open-ended equity scheme would invest predominantly in equity and equity related securities focused on smaller companies. This fund is open till 30 Nov 07.
- ◆ Sundaram AMC has launched Sundaram BNP Paribas Energy Opportunities Fund. The Close-ended equity scheme would invest predominantly in equity and equity related securities focused on domestic energy sector. This fund is open till 11 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.
- ◆ 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.

Top weekly performers-NFOs*



* Weekly return in % as on Nov 16, 07

Data source: MFI Explorer

Note: Funds launched since Jan 06 have been considered.

For more information on MUTUAL FUNDS call 1800 4258283 or contact your nearest Karvy branch.

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