

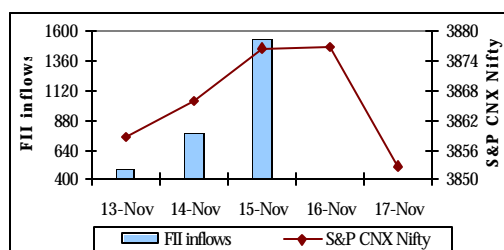
### CONTENTS

- ◆ Weekly performance-equities :1
- ◆ Outlook and r ecommendations :2
- ◆ Weekly performance-debt :3
- ◆ Outlook and r ecommendations :3
- ◆ News briefs :4
- ◆ NFO corner :4

### Highlights

- ◆ **Markets maintain their positive trend**
- ◆ **FII inflows - watching factor**
- ◆ **Bond yields continue to dip**
- ◆ **Eyes on the coming bond auction**

### FII Movement relative to Nifty



FII inflows in Rs. Crores Source: NSE, SEBI

**FII Data for Nov 16 & 17 not available.**

### Weekly FII transactions (equities)

	Nov 13 to Nov 15	Nov 6 to Nov 10
Gross purchases	7686.2	9927.8
Gross sales	4906.1	8421.4
Net inflows	2780.1	1506.4

Amt in Rs. crores Data source: SEBI

**FII Data for Nov 16 & 17 not available.**

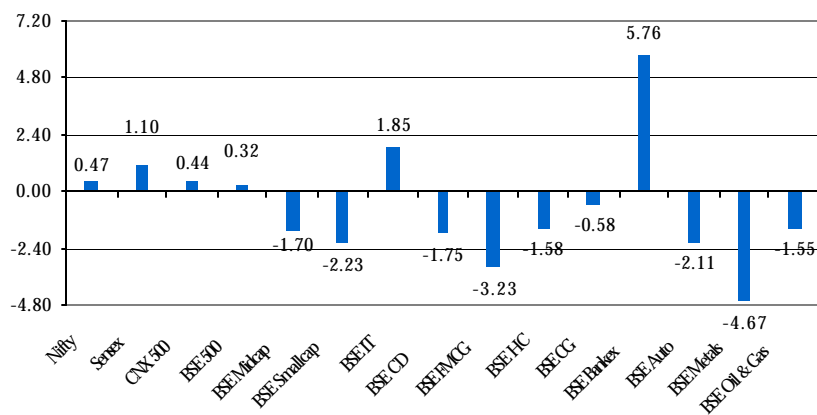
**Kirti Singh**  
**Chinmay**  
**Sonika Dheer**  
 Email: [kirti.s@karvy.com](mailto:kirti.s@karvy.com)  
[chinmay@karvy.com](mailto:chinmay@karvy.com)  
[sonika.dheer@karvy.com](mailto:sonika.dheer@karvy.com)

☎: +91 40 23312454  
 Ext: 304

### The week in retrospect-Equities

The week witnessed the markets continue with their northwards journey on the back of firm global markets, strong FII inflows and a sharp decline in crude oil prices. Markets took cue from the global markets which were on a winning streak as expectations of a cut in U.S. fed rate increased after the release of much weaker-than expected U.S. housing data. Oil prices dropped to \$ 55.81 per barrel (as on Friday, lowest since mid 2005) on account of reduced demand due to increased oil & natural gas inventories in U.S. and Europe. A further boost was given by the status quo on Japan interest rates (unchanged at 0.25%) and revised earnings estimates of corporates by various brokerage houses. These positive factors weighed on the market sentiments and Sensex surged by 1.10% to settle at 13429.48. Nifty gained 0.47% to close at 3852.80. Heavy profit booking on Friday (Sensex opened at an all time high of 13678.04) caused the markets to slide. On the sectoral front, BSE Bankex maintained their preference among investors as banking stocks surged on the back of subsided interest rate worries. Bharti Airtel gained 6.89% after the news that it would tie-up with Microsoft for its software and other services. RIL dipped by 2.35% after two brokerage houses downgraded the stock to 'underperformer'. During the first three days, FIIs emerged as net buyers in the equity market, significantly amounting to Rs. 2780.1 crores. Mutual funds also turned out as net buyers in equities to the tune of Rs. 150.59 crores.

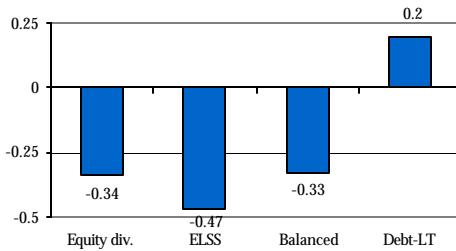
### Weekly Equity Indices Return (absolute %)



As on Nov 17

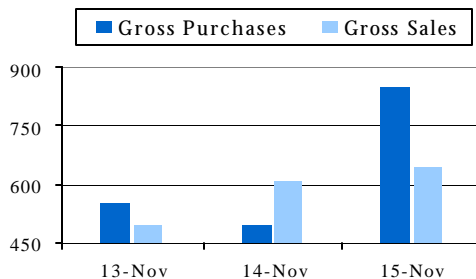
Datasource: BSE, NSE

## Weekly category returns (%)



Abs. returns as on Nov 17 Datasource: Bloomberg

## Weekly MF transactions (equities)



Amt in Rs. crores

Data source: SEBI

Mutual funds emerged as net buyers in the equity market to the tune of Rs. 150.59 crores during first 3 days of the week.

**MF data for Nov 16 & 17 not available.**

## Outlook:

**Short-term:** Markets may take cue from the global bourses trends. Positive sentiments are likely to rule on account of eased inflation and interest rate worries. However, with the markets playing around all time highs, volatility may be in store on account of profit booking. Also, a significant drop in FII inflows may lead to a reverse trend. Earnings results of Apollo Hospitals, Thomas Cook (India), BPL, Siemens and Precot Mills, to be announced in the coming week are likely to be reflected on the markets.

**Long-term:** High infrastructure sector output growth of 9.9% in Sept, 06 against 6.3% in Sept, 05 and the revised economic growth rate to 8% against the earlier 7.5%-8% keeps the bullish story intact. Robust corporate earnings, strong domestic consumption, high infrastructure spending, retail sector growth and real-estate boom are likely to keep this growth going. FDI inflows have surged a record 92% in April-July 2006-07. Also, BSE market capitalisation (currently Rs.34, 00,000 crores) has crossed the Indian GDP showing an increased retail participation in stock market.

Recommended schemes to invest		Historical returns as on Nov 17 (%)			Crisil Ranking for qtr end Sept 06
		6 months (abs)	1 year	3 year (ann)	
<b>Aggressive (Equity)</b>	DSP ML Opportunities	4.27	51.77	47.61	1
	Tata Infrastructure	3.74	67.00	N.A.	-
	Reliance Growth	-1.05	48.03	57.51	1
	Sundaram Select Midcap	-0.01	73.79	60.08	1
<b>Moderate (Equity)</b>	Fidelity Equity	5.70	48.93	N.A.	-
	HDFC Equity	6.10	48.63	45.61	2
	Reliance Equity	5.48	N.A.	N.A.	-
	SBI Magnum Contra	2.35	56.09	70.47	1
<b>Conservative (Equity)</b>	DSP ML Top 100	6.69	54.71	43.47	3
	Sundaram India Leader.	-1.21	48.24	N.A.	2
	Franklin India Bluechip	6.39	50.56	44.02	3
	Templeton India Eq. Inc.	N.A.	N.A.	N.A.	-
	Franklin India Taxshield	-0.43	39.42	44.63	3
<b>ELSS</b>	HDFC Taxsaver	-0.79	39.82	59.90	2
	SBI Magnum Tax Gain	6.53	48.58	73.25	1
<b>Balanced</b>	DSP ML Balanced	4.33	38.75	32.97	3
	HDFC Prudence	9.28	35.61	37.73	1
	Kotak Balance	-3.35	37.44	37.84	2

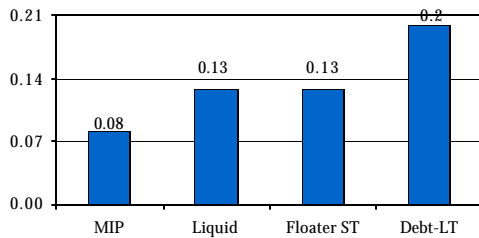
Datasource: MFI Explorer

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

## Recommendations:

At the present valuations, stocks picking becomes extremely crucial. Investors should therefore look for funds which invest in fundamentally strong stocks. A core and satellite approach can be followed to aim at long-term wealth creation and also tactical return-optimisation. Long-term wealth creation could be achieved through lump sum or SIP in fundamentally strong equity diversified funds. Investors could look at derivatives funds, thematic funds (with promising themes) to optimise the risk adjusted returns. Investments in internationally diversified funds and contra funds are also good options.

## Weekly category returns (%)

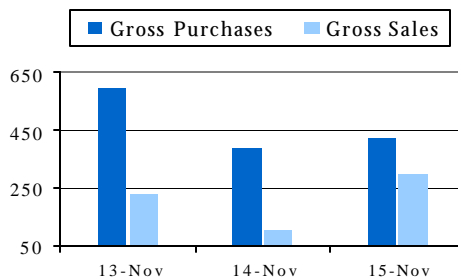


Abs. returns as on Nov 17 Data source: Bloomberg

## Key statistics

	Nov 17	Nov 10
7.59% GOI 2016 yield	7.53%	7.60%
Call rate	7.2%	6.7%
WPI inflation (week ending November 4 and October 28)	5.30%	5.09%
Dollar exchange rate	44.91	44.71
Forex reserves (\$ bn)	168.284 (Nov 10)	167.116 (Nov 3)

## 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. 772.34 crores during first 3 days of the week.

**MF data for Nov 16 & 17 not available.**

## The week in retrospect-Debt

The bond market continued with its positive trend on the back of low crude oil prices and expectations of a rate cut by U.S. (on the back of much weak housing data). The 10-year g-sec yield decreased from 7.60% to 7.53% during the week. Due to dollar buying by state-run banks last week, the liquidity of the system remained in a comfortable zone. However, the surplus liquidity squeezed to Rs. 28 billion from Rs. 90 billion after the reverse repo auction on Monday. As a result, markets remained more or less flat on Tuesday. Auction of Rs. 24.31 bn worth of bonds by 11 state governments on Thursday further tightened the liquidity condition. Call rates increased from 6.7% to 7.2%. Although inflation increased to 5.30% for the week ending Nov. 4 from 5.09% the previous week, drop in oil prices is likely to reduce inflationary pressures. On the forex front, rupee dipped to 44.91 against 44.71 the previous week. This drop was on the back of significant dollar buying in the system by state-run banks. Forex reserves for the week ending Nov 10 increased to \$168.284 bn from \$167.116 bn the previous week.

### Outlook:

**Short-term:** Government is scheduled to raise Rs. 50 bn through auctions during Nov 17-Nov 24. Given the tight liquidity condition in the market, the cut off prices are likely to be below predictions, as demand is likely to be low. On account of this, call rates may continue at high levels in the coming week. Rupee is expected to go up if significant FII inflows are witnessed.

**Long-term:** In the monetary review held on Oct 31, the central bank has attempted to address the issue of over heating in credit growth by hiking repo rate alone. The bank has made it clear that its move will depend on the 'evolving situations'. It has also indicated that the money supply and credit growth rates are expected to be higher than projections for the current year, with inflation more likely to be under the 5 to 5.5% band. Therefore, there are chances that the rates may be increased marginally.

Recommended schemes to invest	Historical return as on November 17 (%)			Expense ratio	Crisil ranking for qtr end Sept 06	
	1 month (abs)	3 month (abs)	1 year			
Floaters	JM Floater ST	0.59	1.73	6.44	0.45	3
	Reliance Floating Rate	0.62	1.79	6.45	0.55	-
Liquid	HDFC Cash Mgt -Sav.	0.61	1.76	6.50	0.34	1
	Birla Cash Plus-Retail	0.58	1.69	6.34	0.34	3

Datasource: Bloomberg

### Recommendations:

**Short-term investors:** Expectation of call rates to float at high levels in the coming weeks and short-term uncertainty of interest rates make liquid fund the most apt choice for making short-term investments.

**Long-term investors:** Due to favourable tax treatment of FMPs when compared with bank deposits, the post-tax return on the former can be higher. Therefore, FMPs could be considered as a substitute by investors who are considering bank fixed-term deposits. LT Floaters can also be considered if investors want to keep their long-term investment liquid.

## News Briefs

- ◆ Mutual funds can now invest overseas up to \$3 billion from \$2 billion with immediate effect. All other terms and conditions and operational guidelines as issued by the Securities and Exchange Board of India will remain unchanged, said a RBI notification. The central bank had earlier announced the higher limit for MFs' overseas investments in the last credit policy.
- ◆ Lotus India AMC), a joint venture between Fullerton Fund Management Group and Sabre Capital Worldwide, inducted Tridib Pathak as the CIO Equity. Prior to joining Lotus India AMC, Tridib was Chief Investment Officer, DBS Cholamandalam AMC.
- ◆ Reliance MF has changed the minimum investment amount under all the three plans i.e Bonus, Dividend and Growth of Reliance NRI Equity Fund from Rs 50000 to Rs 5000. This change will be applicable for all the purchases made on or after November 16, 2006.
- ◆ Franklin Templeton MF has withdrawn the reinvestment facility from the annual dividend option of its close-end Franklin Templeton Capital Safety Fund. The fund's offer period ends on November 30, 2006. Investors opting for the facility during the offer period would be automatically registered for dividend payout, the fund house said.

## NFO Corner

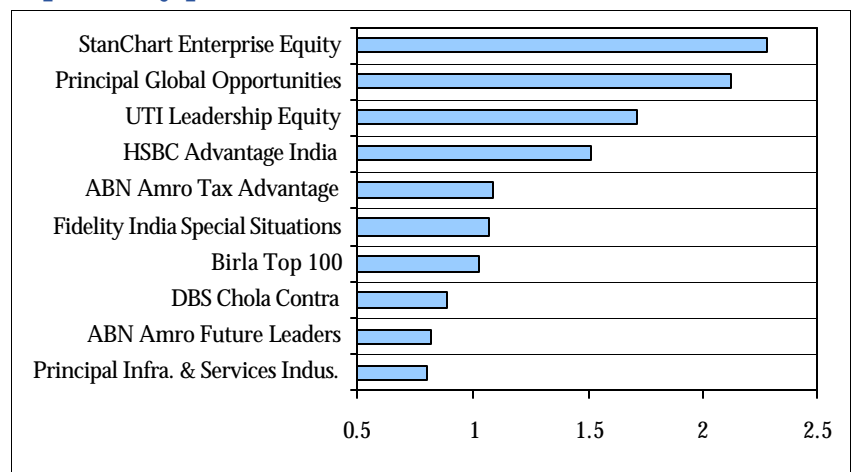
### NFOs open for subscription:

- ◆ Franklin Templeton has launched Franklin Templeton Capital Safety Fund. It will be available for subscription till Nov. 30, 2006.
- ◆ ABN Amro has launched ABN Amro Multi Manager Fund-series 3. It is open for subscription till Nov. 28, 2006.
- ◆ Optimix has launched Optimix Equity MM FoF which is open for subscription till Nov. 20, 06. It has also launched Optimix Dynamic MM FoF (Series II) which is open for subscription till Dec 20, 2006.
- ◆ Prudential ICICI has launched Prudential ICICI Equity and Derivatives Fund. It is open for subscription till December 7, 2006.
- ◆ Reliance MF has launched Reliance Long Term Equity Fund. It will be available for subscription till Dec 11, 2006. The earliest closing date is Nov 28, 2006.
- ◆ Standard Chartered MF has launched Standard Chartered Arbitrage Fund. It will be open for subscription till Nov 30, 2006.

### Forthcoming New Fund Offers:

- ◆ HSBC is coming up with HSBC Tax Saver Equity Fund. The ELSS will be available for subscription from Nov 20, 2006 till Dec 15, 2006.
- ◆ SBI is set to launch SBI Magnum One India Fund, which would diversify its portfolio geographically by investing in four different regions in India. The fund will be open for subscription from Nov 24, 2006 till Dec 22, 2006.
- ◆ DSP ML is looking forward to launch its tax saving fund DSP ML ELSS sometime in the last week of Nov, 2006.
- ◆ Lotus India will launch Lotus India Tax Plan. It will be open for subscription from Nov 20, 2006 to Dec 5, 2006.

### Top weekly performers-NFOs\*



\* Weekly return as on Nov 17, 06

Datasource: MFI Explorer

**Note:** Funds launched since Jan 05 have been considered.

## Performance analysis of equity NFOs (quarter -wise) as on Nov 17, 2006

S.No.	Scheme	Issue Date	Current Nav (Rs.)	Corpus Size (Rs. Crdred as on Oct.	Absolute Return(%)		Current Value(Rs.)	
					Since Launch	Weekly	Before Load	After Load
1	Birla Long-term Adv	7-Aug-06	10.65	420.25	5.70	0.86	10,570.00	10,570.00
2	Tata Capital Builder	18-Jul-06	11.05	272.96	7.42	0.42	10,742.20	10,742.20
<b>Abs. returns for New Funds released Between Jul 06 to Sep 06</b>					<b>6.56</b>	<b>0.64</b>	<b>21,312.20</b>	<b>21,312.20</b>
1	UTI Spread Fund	9-Jun-06	10.26	293.58	2.6	0.21	10,260.40	10,260.40
2	Tata Equity	15-May-06	11.17	425.33	11.69	0.77	11,169.00	11,169.00
3	Stanchart Enterprise	19-Apr-06	11.46	1573.51	14.62	2.34	11,461.70	11,461.70
<b>Abs. returns for New Funds released Between Apr 06 to Jun 06</b>					<b>9.64</b>	<b>1.11</b>	<b>32,891.10</b>	<b>32,891.10</b>
1	Fidelity Special Sit.	28-Mar-06	12.37	2035.84	23.74	1.07	12,374.00	12,101.71
2	Templeton India Equ.	22-Mar-06	11.39	1953.72	13.9	2.52	11,390.00	11,139.36
3	Sundaram Rural	20-Mar-06	11.42	1212.16	14.19	-0.47	11,419.30	11,168.02
4	ABN AMRO Future	13-Mar-06	9.96	518.62	-0.36	0.82	9,964.00	9,964.00
5	Pru ICICI Fusior	27-Feb-06	11.57	650.98	15.7	-1.28	11,570.00	11,570.00
6	DWS Tax Saving	22-Feb-06	10.42	32.61	4.2	-0.25	10,419.60	10,190.32
7	Kotak Lifestyle	22-Feb-06	10.94	490.88	9.43	0.13	10,943.00	10,943.00
8	UTI Contra	22-Feb-06	9.78	856.61	-2.2	0.51	9,780.00	9,780.00
9	Tata Tax Advantage	20-Feb-06	10.01	135.59	0.15	-0.83	10,014.80	9,818.43
10	JM HI FI	20-Feb-06	10.69	62.03	6.9	-0.37	10,690.00	10,454.77
11	Sahara Infrastruct-FP	15-Feb-06	10.51	25.48	5.14	-1.19	10,513.50	10,513.50
12	Sahara Infrastruct-	15-Feb-06	10.55	25.48	5.51	-1.17	10,551.30	10,551.30
13	Chola Contra	14-Feb-06	11.41	81.60	14.1	0.88	11,410.00	11,158.92
14	Quantum Long Term	8-Feb-06	11.59	28.41	15.9	0.26	11,590.00	11,590.00
15	Principal Infra. &	7-Feb-06	11.43	357.44	14.3	0.79	11,430.00	11,178.48
16	Baroda Global Fund	6-Feb-06	11.17	30.25	11.7	-0.89	11,170.00	10,924.21
17	Reliance Equity	6-Feb-06	10.61	5270.00	6.1	-0.75	10,610.00	10,376.53
18	Birla Infrastructure	31-Jan-06	11.64	533.53	16.4	-0.43	11,640.00	11,383.86
19	Fidelity Tax	31-Jan-06	11.84	604.58	18.39	0.27	11,839.00	11,578.48
20	SC Imperial Equity	30-Jan-06	11.59	300.93	15.88	-0.11	11,587.50	11,332.52
21	UTI Leadership	30-Jan-06	11.85	1121.80	18.5	1.72	11,850.00	11,850.00
22	ING Vysya A.T.M.	27-Jan-06	10.53	64.47	5.3	-0.85	10,530.00	10,298.29
23	HDFC Long Term	27-Jan-06	11.29	1597.00	12.92	-0.71	11,292.00	11,292.00
24	HSBC Advantage	27-Jan-06	12.25	1429.97	22.55	1.51	12,254.50	11,984.84
25	SBI Magnum	20-Jan-06	11.47	2437.31	14.7	-0.09	11,470.00	11,470.00
<b>Abs. returns for New Funds released Between Jan 06 and Mar 06</b>					<b>11.32</b>	<b>0.04</b>	<b>278,302.50</b>	<b>274,612.55</b>
1	Franklin India	14-Dec-05	10.68	1390.50	6.8	-1.48	10,680.00	10,680.00
2	ING Vysya L.I.O.N.	9-Dec-05	12.21	129.11	22.1	-0.33	12,210.00	12,210.00
3	ABN Amro Tax	30-Nov-05	13.13	140.71	31.25	1.09	13,125.00	13,125.00
4	Pru ICICI Services	18-Nov-05	13.91	367.28	39.1	0.58	13,910.00	13,603.91
5	CanInfrastructure	9-Nov-05	13.39	103.07	33.9	-0.67	13,390.00	13,390.00
6	Kotak Tax Saver	28-Oct-05	13.38	145.98	33.82	-0.36	13,382.00	13,087.53
7	Chola Tax Saver	26-Oct-05	13.22	31.04	32.2	0.46	13,220.00	12,929.10
8	Principal Large Cap	19-Oct-05	16.61	294.46	66.1	0.18	16,610.00	16,244.50
9	ING Vysya Dividend	6-Oct-05	11.14	84.30	11.4	-1.94	11,140.00	11,140.00
<b>Abs.returns for New Funds released Between Oct 05 and Dec 05</b>					<b>30.74</b>	<b>-0.27</b>	<b>117,667.00</b>	<b>116,410.04</b>

**Note:** Current value shows the latest market value of an investment of Rs.10,000 in each NFO.

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

### Disclaimer

The information and views presented in this report are prepared by Karvy Stock Broking Limited. The information contained herein is based on our analysis and upon sources that we consider reliable. We, however, do not vouch for the accuracy or the completeness thereof. This material is for personal information and we are not responsible for any loss incurred based upon it. While acting upon any information or analysis mentioned in this report, investors may please note that neither Karvy nor Karvy Stock Broking nor any person connected with any associate companies of Karvy accepts any liability arising from the use of this information and views mentioned in this document.

This report is intended for a restricted audience and we are not soliciting any action based on it.