



*You aspire, we facilitate*

# Portfolio Performance Review

**JANUARY 2008**

## 1. Highly Aggressive Portfolio

### Performance summary

1. The portfolio has outperformed the index returns since its launch. In terms of annualized returns the portfolio has outperformed the index by 1.51%.
2. The markets have seen a worst hit during the seven day cycle of 16th to 22 Jan 08. This impact has been huge and the portfolios have got reduced in their value during this 22 day period (From 1 Jan 08 to 22 Jan 08) by Rs.47,115. However, the funds that we have suggested are expected to have strong performing abilities and so our portfolio is expected to recoup at the earliest.
3. In terms of risk adjusted returns measured using Sortino, our portfolio has delivered better returns than the index. The index has delivered a Sortino of 1.04 while the portfolio has generated 1.51.

### Returns

	3 months (abs)	6 months (abs)	1 year (ann)	Since launch (CAGR) <sup>^</sup>	Risk adjusted (Sortino ratio) <sup>^</sup>
Portfolio	-8.12	18.28	33.97	56.10	1.51
CNX Midcap	-8.05	10.90	29.76	39.38	1.04
Category average	14.44	37.47	52.98	61.19	2.18

<sup>^</sup>since Nov 30, 2005

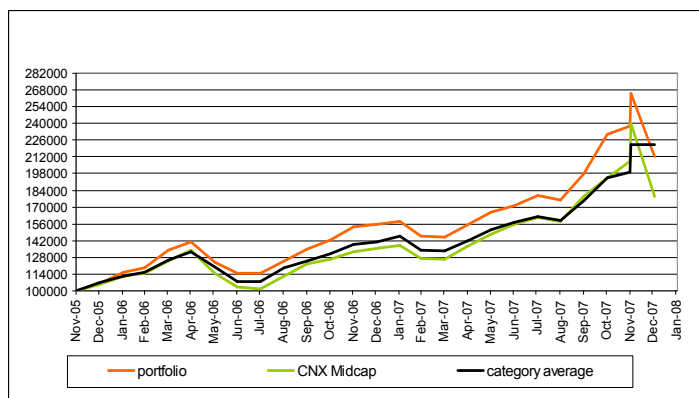
#### Notes:

1. Returns as on November 30, 07
2. Returns and deviations have been annualised.
3. For computation of Sortino ratio, returns are computed using monthly NAV on the last working day of every month, risk-free rate is taken as 6% p.a.

### Our portfolio

Our highly aggressive portfolio was originally framed on November 30, 2005. An investor who would have invested Rs.1,00,000 on that day would have seen that his portfolio has gone up to Rs.2,12,191 by 22 Jan, 08.

### Growth of investment of Rs.1 lakh\*

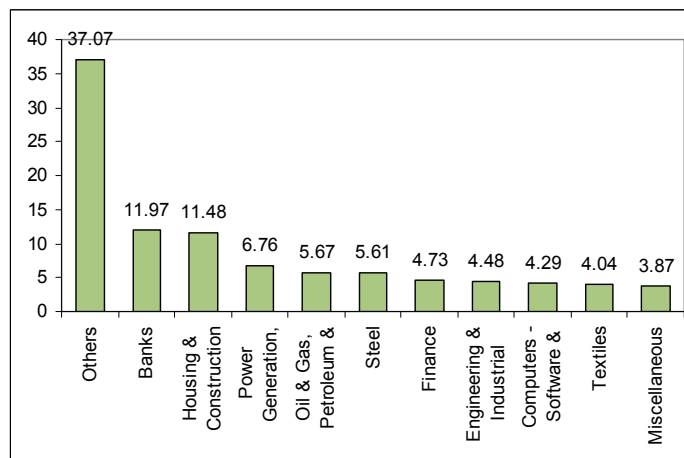


\* Value of investment worth Rs.1 lakh made on Nov 30, 2005 based on our recommendations

#### Notes:

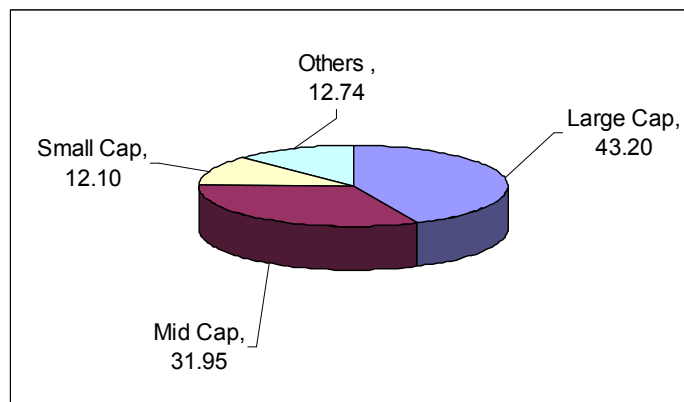
1. Portfolio changes are made on the 1st of every month.
2. Impact of loads and capital gains not considered
3. Schemes have been classified in terms of aggression based on their investment universe, investment style and target market segmentation.

### Top sector weightings (% of net assets)\*



Our Highly aggressive portfolio suggests that we have a high exposure towards sectors like Banking & Infrastructure. Our weightage towards these sectors under this portfolio is as high as 34.94%. Our faith in these two sectors has paid us good returns in the past. Given the outlook of infrastructure and banking sectors for future years this portfolio is expected to perform well.

### Market capitalisation (% of net assets)\*



Note: \* as on 22 Jan, 08

(Data source: MFI explorer)

## 2. Moderately aggressive portfolio

### Performance summary

1. This portfolio has in the recent past under performed both the category and the index averages.
2. This can be attributed to the failure of the funds like Fidelity India Special Situations fund which is expected to have supported this portfolio during such crash in the market, Fidelity India Special Situations fund being a fund with contrarian approach.
3. In terms of risk adjusted returns measured using Sortino the portfolio has outperformed the index return. The index has delivered a Sortino of 1.14 while the portfolio has generated 1.19.

### Returns

	3 months (abs)	6 months (abs)	1 year (ann)	Since launch (CAGR) <sup>^</sup>	Risk adjusted (Sortino ratio) <sup>^</sup>
Portfolio	-11.45	4.85	19.55	38.63	1.19
CNX 500	-13.99	9.26	21.84	39.64	1.14
Category average	11.72	41.66	58.41	66.37	2.38

<sup>^</sup>since Nov 30, 2005

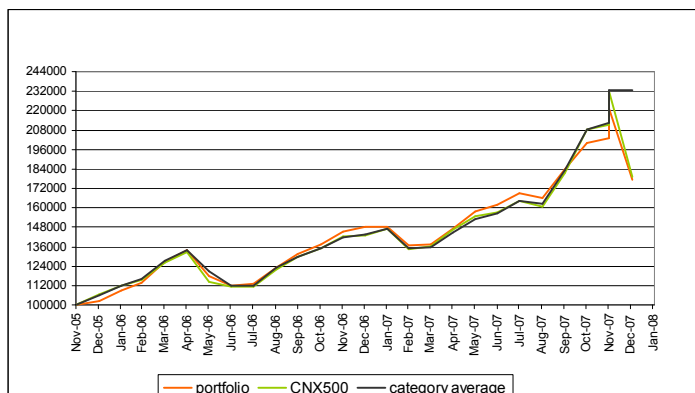
### Notes:

1. Returns as on November 30, 07
2. Returns and deviations have been annualised.
3. For computation of Sortino ratio, returns are computed using monthly NAV on the last working day of every month, risk-free rate is taken as 6% p.a.

### Our portfolio

Our highly aggressive portfolio was originally framed on November 30, 2005. An investor who would have invested Rs.1,00,000 on that day would have seen that his portfolio has gone up to Rs.1,77,260.36 by 22 Jan, 08.

### Growth of investment of Rs.1 lakh\*

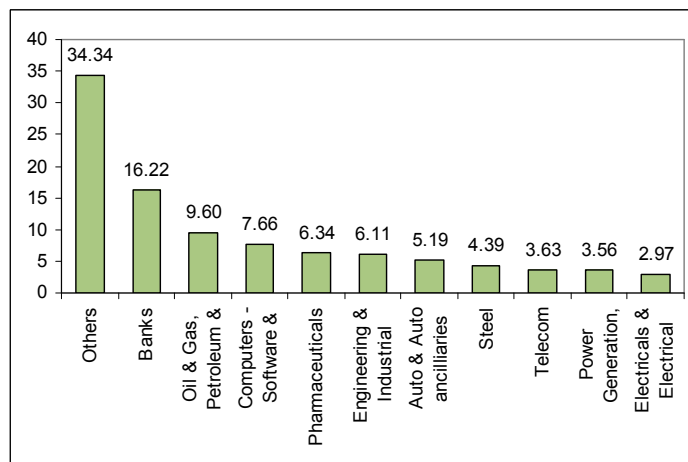


\* Value of investment worth Rs.1 lakh made on Nov 30, 2005 based on our recommendations

### Notes:

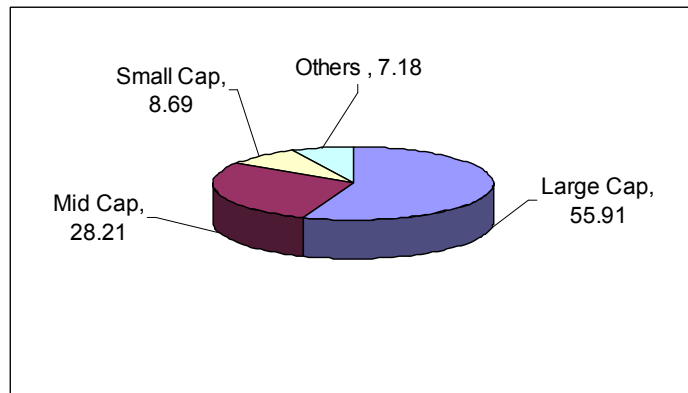
1. Portfolio changes are made on the 1st of every month.
2. Impact of loads and capital gains not considered
3. Schemes have been classified in terms of aggression based on their investment universe, investment style and target market segmentation.

### Top sector weightings (% of net assets)\*



Our Moderately aggressive portfolio suggests that we have a high exposure towards banking sector. Our weightage towards this sector is 16.22%. Given the outlook for the CY 2008 this portfolio is expected to perform.

### Market capitalisation (% of net assets)\*



Note: \* as on 22 Jan, 08

(Data source: MFI explorer)

## 3. Least aggressive portfolio

### Performance summary

1. The portfolio has outperformed both the index and category averages. Portfolio has outperformed the index and category average since its launch by an outstanding 9.75% and 13.09% respectively in terms of annualized returns.
2. The portfolio has outperformed the index by an outstanding 16%.
3. This portfolio has also depreciated by a good amount during this crash. However, it still managed to beat the index by an outstanding 16%.
4. In terms of risk adjusted returns measured by Sortino also the portfolio has outperformed the index. The portfolio has delivered a Sortino of 1.31 while the index has delivered 1.26.

### Returns

	3 months (abs)	6 months (abs)	1 year (ann)	Since launch (CAGR) <sup>^</sup>	Risk adjusted (Sortino ratio) <sup>^</sup>
Portfolio	-13.56	9.53	25.02	43.87	1.31
S&P Nifty	-16.97	8.18	20.00	42.36	1.26
Category average	13.39	42.24	58.87	60.97	2.28

<sup>^</sup>since Nov 30, 2005

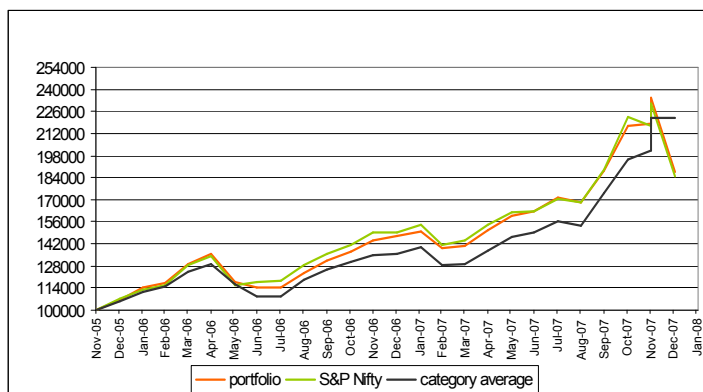
#### Notes:

1. Returns as on November 30, 07
2. Returns and deviations have been annualised.
3. For computation of Sortino ratio, returns are computed using monthly NAV on the last working day of every month, risk-free rate is taken as 6% p.a.

### Our portfolio

Our highly aggressive portfolio was originally framed on November 30, 2005. An investor who would have invested Rs.1,00,000 on that day would have seen that his portfolio has gone up to Rs.1,87,736.99 by 22 Jan, 08.

### Growth of investment of Rs.1 lakh\*

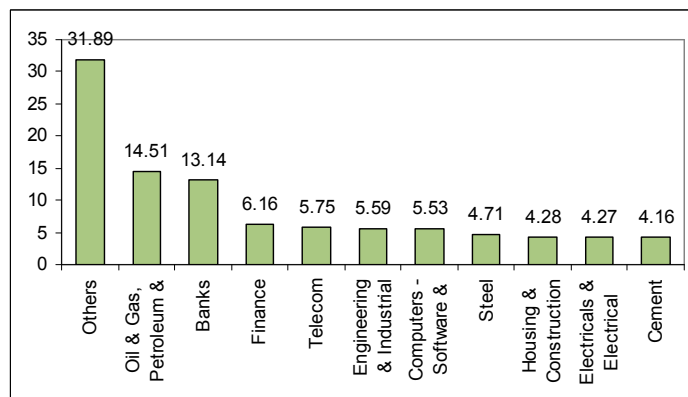


\* Value of investment worth Rs.1 lakh made on Nov 30, 2005 based on our recommendations

#### Notes:

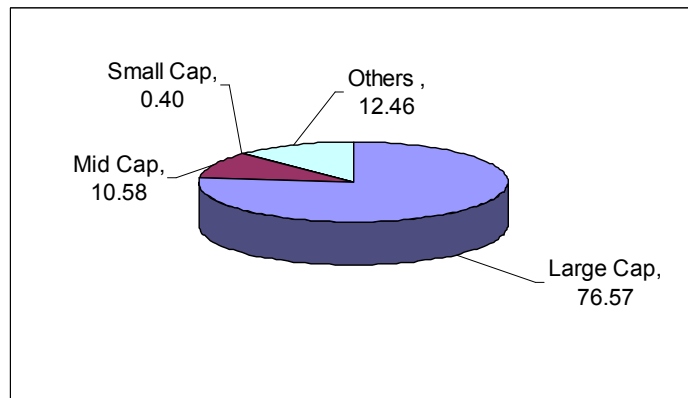
1. Portfolio changes are made on the 1st of every month.
2. Impact of loads and capital gains not considered
3. Schemes have been classified in terms of aggression based on their investment universe, investment style and target market segmentation.

### Top sector weightings (% of net assets)\*



Our Least aggressive portfolio suggests that we have a high exposure towards sectors like Oil and Banking/Finance. Our weightage towards these sectors under this portfolio is as high as 33.81%. Our faith in these two sectors has paid us good returns and we continue our bullish view on these sectors

### Market capitalisation (% of net assets)\*



Note: \* as on 22 Jan, 08

(Data source: MF1 explorer)

## 4. Rationale behind portfolio construction

The portfolios are diversified across different fund types and AMCs as well. This would contribute towards better risk-adjusted returns.

### The fund selection approach

1. We have classified all equity funds into three categories based on the risk associated with them. The categories are most aggressive, moderately aggressive and least aggressive. The criterions for assessing the risk associated include investment strategy, exposure to various market capitalisations, themes and sectors.
2. The next step involves short listing funds based on the outlook with reference to specific themes, sectors, and market segments (large, mid and small capitalisations).
3. After filtering funds based on the above theme, we identify the best performing schemes in all the categories short listed in step 2.
4. The quantitative parameters for identifying the best performing schemes include: historical risk-return performance, portfolio concentration, corpus size etc.
5. Qualitative parameters considered are AMC track record, performance of existing equity funds and strength of the fund management team. Some new funds which could not be assessed based on their historical performance, have also been included based on qualitative parameters and outlook on theme/ investment strategy etc.

### Highly Aggressive Funds:

These funds are considered as high risk-high return funds. Selection of these funds depends on their exposure to stocks and sectors. Aggressive funds have more exposure to mid cap stocks which are considered riskier and at the same time have the potential of offering good returns. Sector funds are also considered more risky as they have concentrated exposure in a particular sector; such as FMCG funds, power sector funds, commodities fund etc. Thematic funds such as services, infrastructure and capex are expected to generate good returns due to the govt. initiatives on infrastructure projects, which may result in growing revenues of capital goods companies.

### Moderately Aggressive Funds:

These funds are typically purely diversified funds which do not have any bias towards any sector, theme or market segment. At the same time, these funds do not adopt the strategy of taking very concentrated exposure. This means that due to high degree of diversification, such funds are meant to be more consistent than the one's belonging to the aggressive category. This category also includes contrarian funds. Such funds invest in stocks which are out of favour, thus offering a potential to deliver higher risk-adjusted returns over a long-term.

### Least Aggressive Funds:

These funds offer low return with low risk. Selection of these funds mainly depends on the defensive strategy taken by mutual funds. Like large cap funds are exposed large companies which generally offers a low return and the risk involved in these funds are low. Also, PE and dividend yield funds fall under this category since it follows a conservative approach by investing more in low P/E stocks or high dividend yield stocks.



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