

You aspire, we facilitate

Portfolio Performance Review

November 2007

1. Highly 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 outstanding 19.94% and 19.98% respectively in terms of annualised returns.
- 2: The recent month's rally (September and October) has led to tremendous performances of both category as well as index. However, the level of out performance has increased over this period.
- 3: In terms of risk-adjusted returns, the portfolio is on a higher side than the category average.
- 4: Investment of Rs. 1,00,000 has become Rs. 2,30,956.13 delivering a return of Rs. 1,30,956.13 (in absolute terms).

Returns

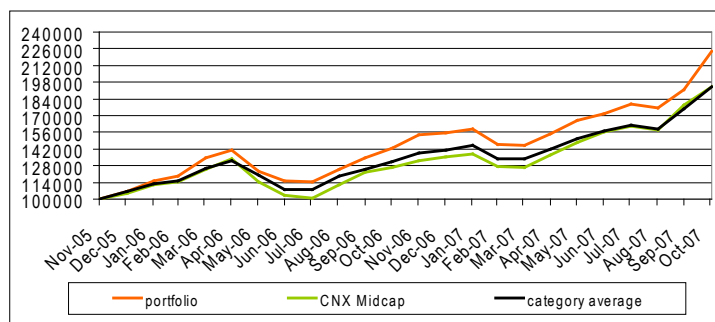
	3 months (abs)	6 months (abs)	1 year	Since launch (ann) ^	Risk adjusted (Sortino ratio) ^
Portfolio	28.74	49.20	62.11	71.43	2.27
CNX Midcap	20.60	42.03	54.10	51.49	1.73
Category average	20.13	36.78	48.09	51.45	1.98

^ since Nov 30, 2005

Notes:

1. Returns as on October 31, 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.

Growth of investment of Rs. 1 lakh*



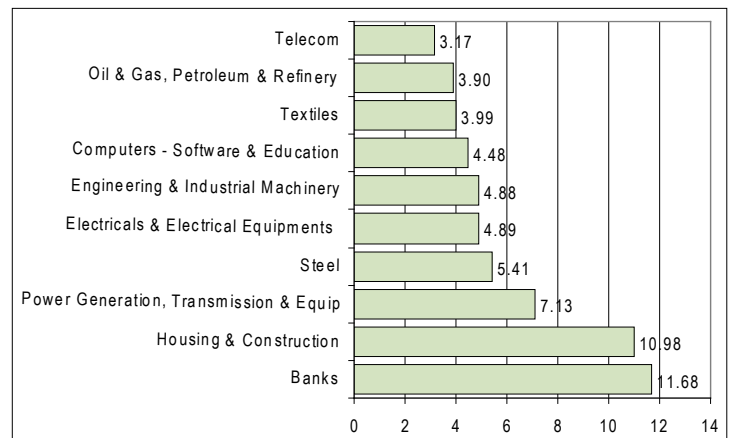
* Value of investment worth Rs. 1 lakh made on Nov 30, 2005 based on our recommendations

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.

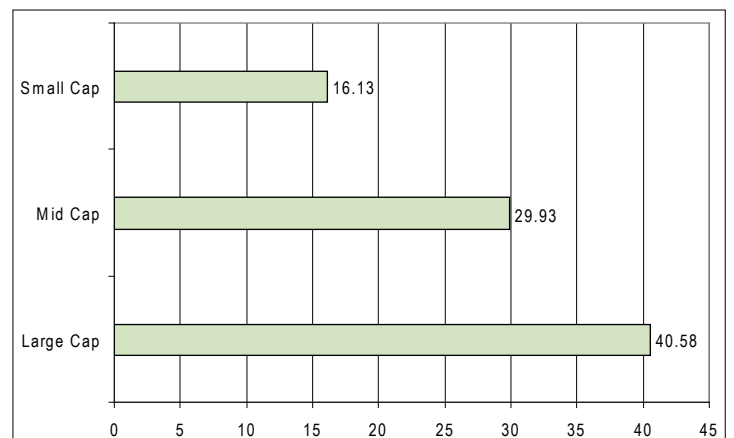
Top Sector Weighings (% of net assets)*

Banks	11.68
Housing & Construction	10.98
Power Generation, Transmission & Equip	7.13
Steel	5.41
Electricals & Electrical Equipments	4.89
Engineering & Industrial Machinery	4.88
Computers - Software & Education	4.48
Textiles	3.99
Oil & Gas, Petroleum & Refinery	3.90
Telecom	3.17



Market Capitalisation (% of net assets)*

Large Cap	40.58
Mid Cap	29.93
Small Cap	16.13



Asset Allocation (% of net assets)*

Equity	90.45
Debt & others	9.55

* as on Oct. 31, 07

(Data source: MFI explorer)

2. Moderately aggressive portfolio

Performance summary

1: The Portfolio has underperformed the index and category average this month. This could be attributed to the underperformance of one fund in the portfolio carrying 12% weight. The fund has delivered a monthly return of 1.09% as against portfolio's monthly return of 8.9%, thus pulling down the portfolio returns by 12.25% (as a % of monthly portfolio returns).

As this fund adopts a contrarian approach, its returns may not be in line with the market returns. We continue to hold the fund in our portfolio as we believe that the fund will deliver good returns in future.

2: Investment of Rs. 1,00,000 has become Rs. 2,00,175, delivering a return of Rs. 1,00,175 (in absolute terms).

Returns

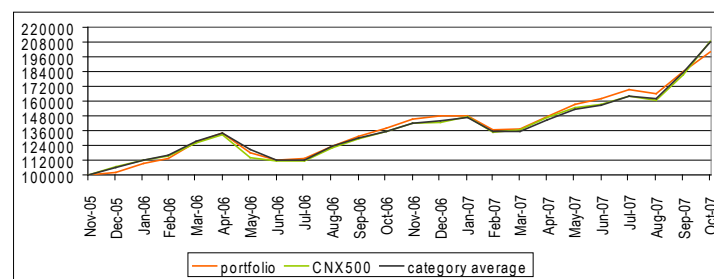
	3 months (abs)	6 months (abs)	1 year	Since launch (ann) ^	Risk adjusted (Sortino ratio) ^
Portfolio	18.40	36.04	45.29	54.64	2.12
CNX500	27.04	42.25	54.34	59.15	2.13
Category average	26.79	44.09	53.91	59.08	2.25

^ since Nov 30, 2005

Notes:

- Returns as on October 31, 07
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Growth of investment of Rs. 1 lakh*



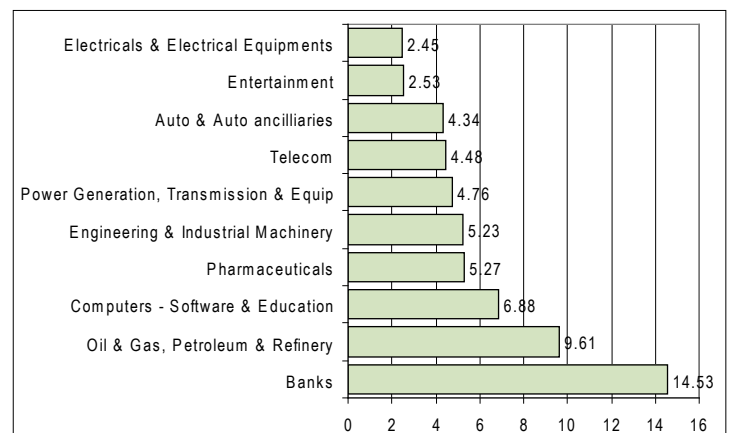
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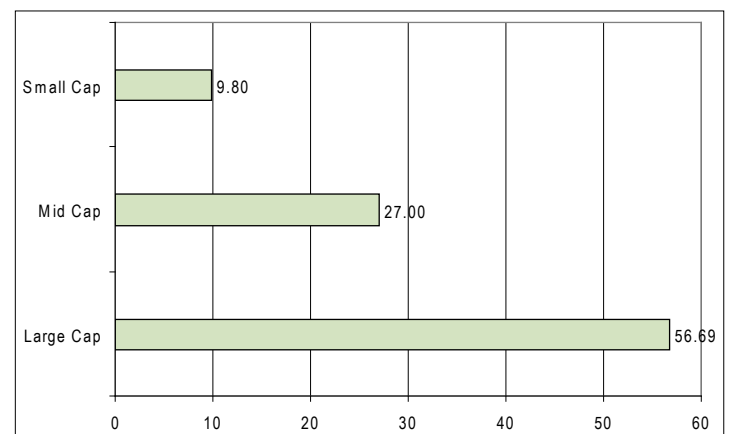
Top Sector Weighings (% of net assets)*

Banks	14.53
Oil & Gas, Petroleum & Refinery	9.61
Computers - Software & Education	6.88
Pharmaceuticals	5.27
Engineering & Industrial Machinery	5.23
Power Generation, Transmission & Equip	4.76
Telecom	4.48
Auto & Auto ancillaries	4.34
Entertainment	2.53
Electricals & Electrical Equipments	2.45



Market Capitalisation (% of net assets)*

Large Cap	53.89
Mid Cap	27.76
Small Cap	12.63



Asset Allocation (% of net assets)*

Equity	94.25
Debt & others	5.75

As one fund's portfolio details are not available, It has been excluded for purpose of above data. All information represent 88% of the portfolio.

* as on Oct. 31, 07

(Data source: MFI explorer)

3. Least aggressive portfolio

Performance summary

- 1: The portfolio has outperformed the category average by a significant 11.69% (annualised) margin and by Rs. 21,440.70 since inception.
- 2: The portfolio has slightly under performed the index returns though it has outperformed the category average. This is on account of rally in few stocks which have pulled up the performance of Nifty. These stocks carry high weightage in the index. However, equity funds cannot have high exposure to specific stocks because of the limits set by their mandate. This is the reason why most of the large cap funds have delivered lower returns against Nifty.
- 3: Investment of Rs. 1,00,000 has become Rs. 2,17,184, delivering a return of Rs. 1,17,184 (in absolute terms).

Returns

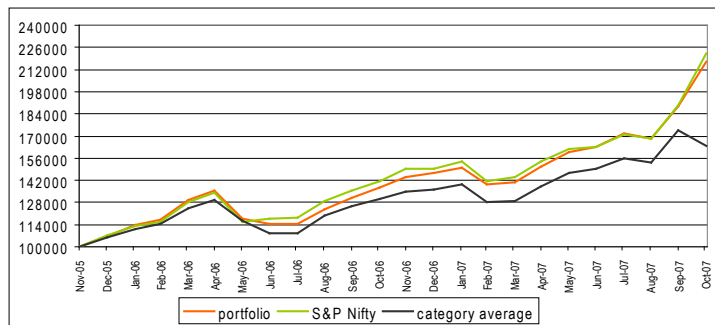
	3 months (abs)	6 months (abs)	1 year	Since launch (ann) ^	Risk adjusted (Sortino ratio) ^
Portfolio	26.70	43.95	58.09	63.92	2.36
S&P Nifty	30.29	44.34	57.60	66.81	2.39
Category average	25.44	41.89	50.08	52.22	1.81

^ since Nov 30, 2005

Notes:

1. Returns as on October 31, 07
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Growth of investment of Rs. 1 lakh*



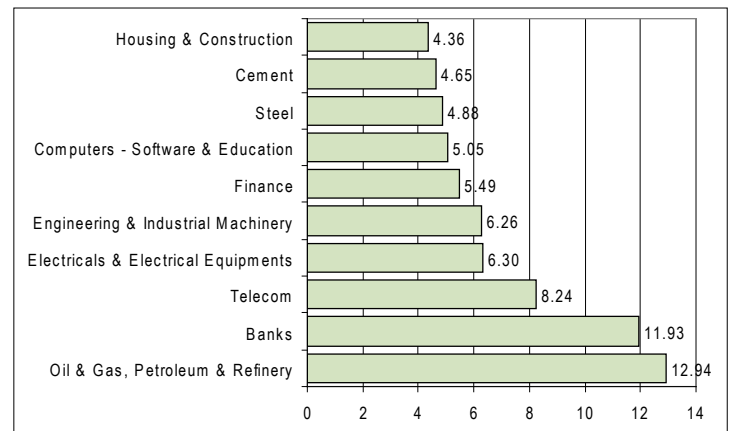
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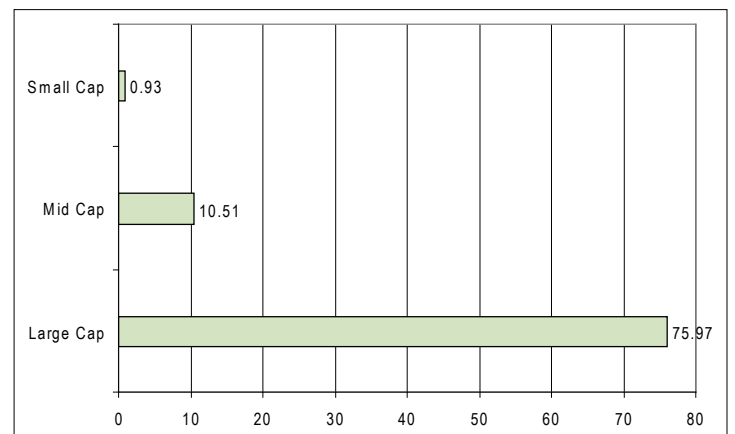
Top Sector Weighings (% of net assets)*

Oil & Gas, Petroleum & Refinery	12.94
Banks	11.93
Telecom	8.24
Electricals & Electrical Equipments	6.30
Engineering & Industrial Machinery	6.26
Finance	5.49
Computers - Software & Education	5.05
Steel	4.88
Cement	4.65
Housing & Construction	4.36



Market Capitalisation (% of net assets)*

Large Cap	75.97
Mid Cap	10.51
Small Cap	0.93



Asset Allocation (% of net assets)*

Equity	95.64
Debt & others	4.36

* as on Oct. 31, 07

(Data source: MFI 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 criterion 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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