

Standard Portfolio – Conservative (Issue No: 20091210)
December 21, 2009

Conservative portfolio investors would like to limit the risk and in turn have lower but steady return expectations. For conservative investors value investing is more important than momentum. These investors would not like to churn their portfolio too often. They would also like to limit the number of scrips they own and prefer not to be overweight on particular stocks or sectors. Typically their returns would be benchmarked to the Sensex / Nifty.

Recommendation made on December 18, 2009

We recommend investors to book profit / exit from the following stock / stocks – Punjab National Bank, ITC, Crompton Greaves, Trent and Nirma Ltd either due to a significant run up in the stock price over the past few weeks or continuous underperformance of the stock vis-à-vis the market.

We are not recommending any additions to the portfolio at this point in time and hence this will increase the cash on hand. This also reflects our view on the markets.

Stocks exited	Weighted Avg Price on Dec 18, 2009	CMP (181209)
Punjab National Bank	893.3	888.0
ITC	248.3	247.2
Crompton Greaves	414.2	405.7
Trent	855.7	848.0
Nirma Ltd	196.7	194.4

Current Portfolio Holding

Given below is a summary of the stocks currently held in the portfolio with their entry dates and weighted average prices on the date of entry.

Company	Industry	Entry date	Weighted Avg Price as on date of entry	Investment Value	Current Market Price (211209)	% Gain or Loss Invst
Coromandel Fert.	Fertilizers - Nitrogenous / Phosphatic	16-Sep-09	190.8	62500	236.0	23.7%
Castrol	Lubricants	05-Oct-09	526.9	62500	559.4	6.2%
Pidilite Inds	Chemicals - Organic	16-Nov-09	177.7	62500	189.9	6.9%
Pfizer	Pharmaceuticals - Multinational	30-Nov-09	955.0	62500	947.5	-0.8%
Bharat Electronics	Electronics - Others	30-Nov-09	1791.5	62500	1855.1	3.5%
GAIL	Gas Distribution	30-Nov-09	419.1	62500	399.1	-4.8%
Lakshmi Mach Works	Textile machinery	30-Nov-09	1682.6	62500	1739.6	3.4%
SAIL	Steel	14-Dec-09	212.4	62500	211.8	-0.3%
Total Cash on Hand				558518		
Short Nifty Futures		16-Sept-09	4941.3	200000	4948.6	-0.1%

Note:

The price of entry and exit for various scrips will be based on the weighted average price recorded during the day of recommendation. This should enable the portfolio to more accurately reflect actual performance (while affecting returns marginally as both the entry and exit price taken could on most occasions be adverse to the suggested action as compared to the last close). Also, the performance of the overall portfolio will be computed and sent out at regular intervals. Changes in recommendations (buy / exit) could be via an internal note while updates (like this) could be prepared once the weighted average prices are available at the end of the day of recommendation.

If the equity weight stance is overweight, no hedging position by way of Nifty future sales is recommended. In case of equal weight stance, Nifty hedge upto the extent of 20% of the portfolio is recommended. In case of underweight stance, Nifty hedge upto the extent of 40% of the portfolio is recommended. This reflects an attempt to beat benchmark indices, but could result in temporary underperformance in case the call on equity stance turns out to be incorrect. Instead of Nifty Futures hedges may be taken at times by way of Stock Futures or Nifty/Stock options. For taking Nifty Futures hedge it is assumed that margin @ 10% of the exposure is payable.

Current Value of Index	BSE Sensex – 16,601	BSE Midcap – 6,441	Nifty - 4,953
Initial Corpus assumed to be Rs. 10,00,000 (excluding margin on Nifty Futures)			
Equity Weight Stance – Equal weight			
As a matter of policy, we do not recommend group / associate company stocks.			

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