



Monthly Presentation Equity & Debt

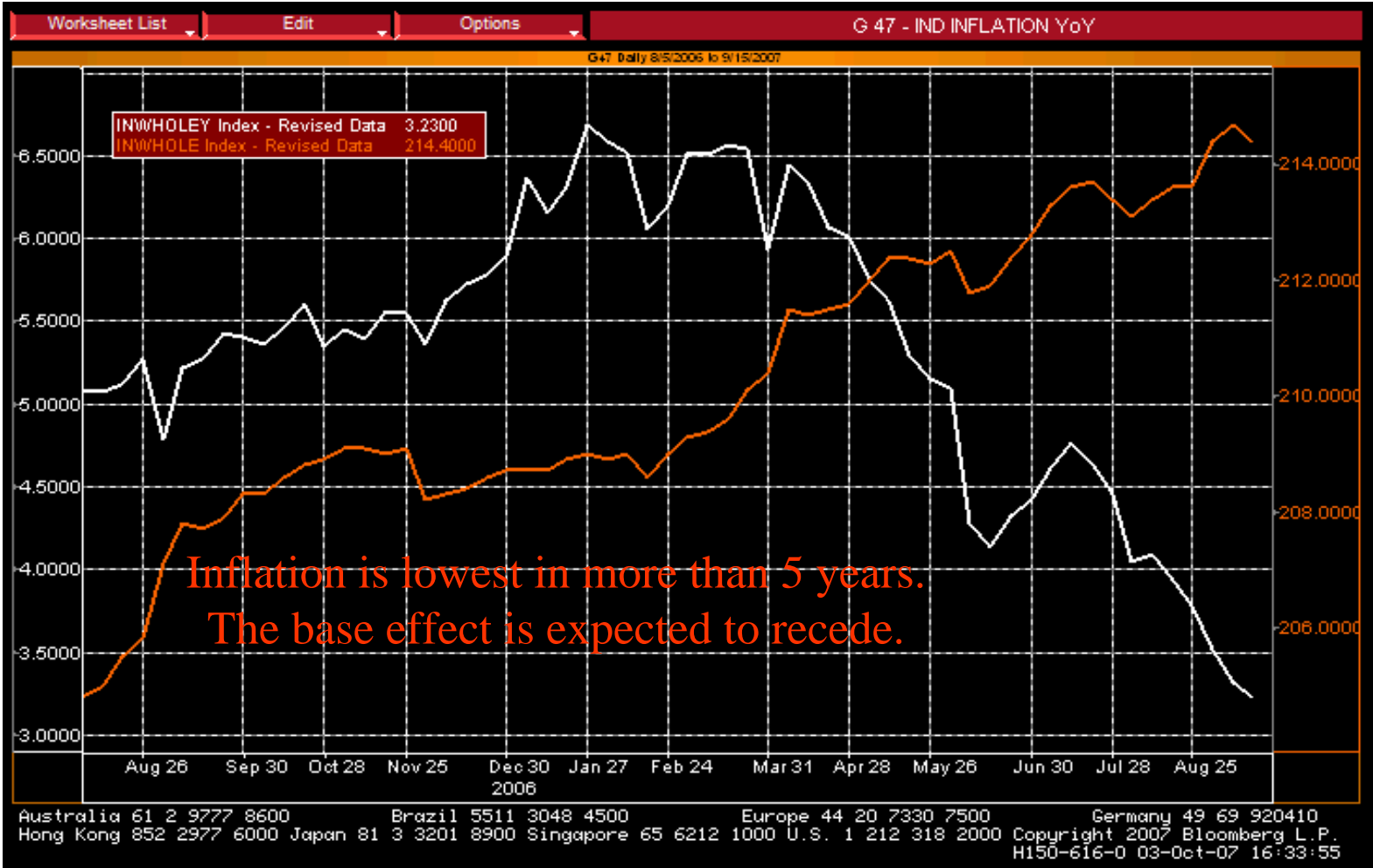
September 2007

DEBT MARKETS

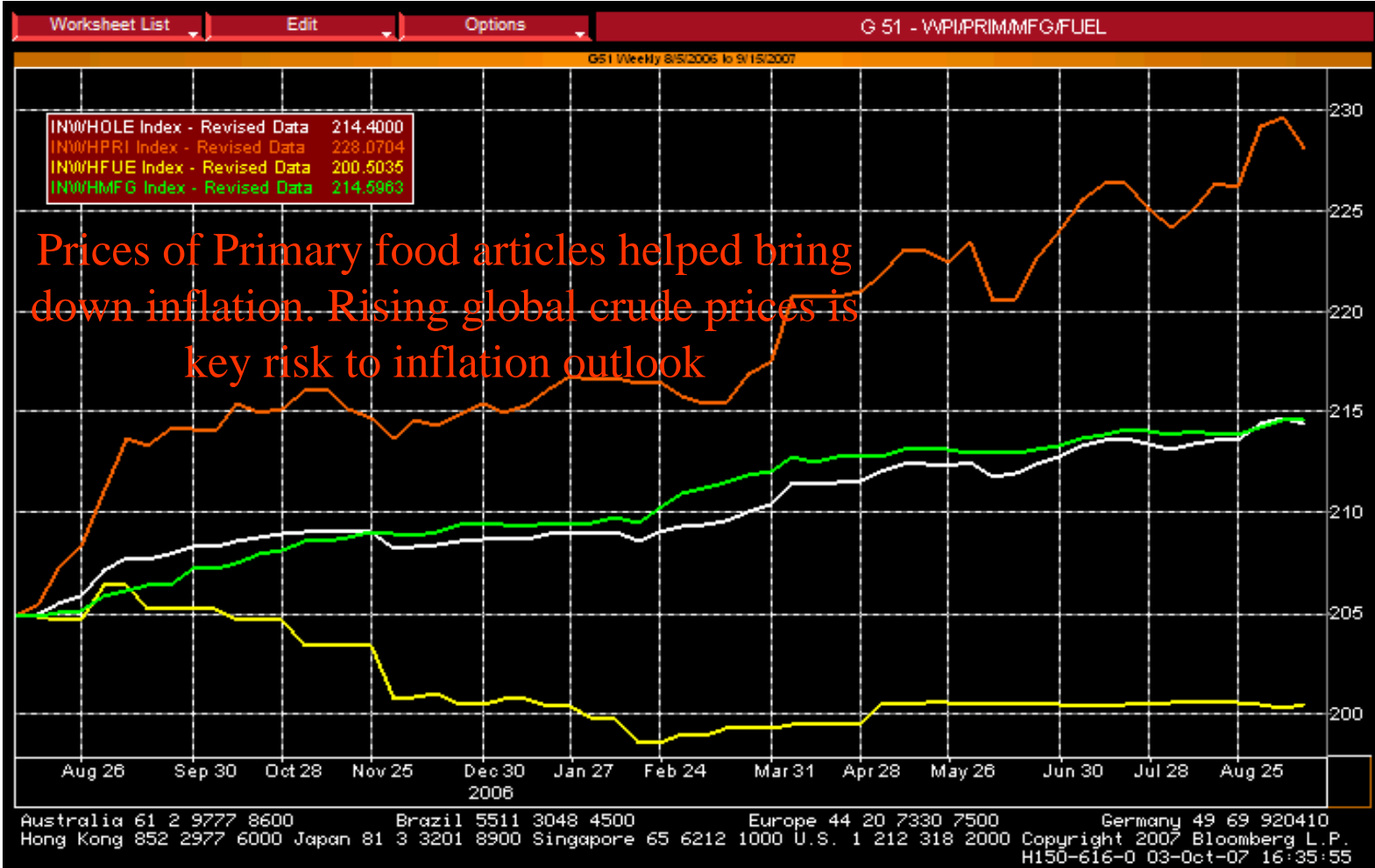
Events of the Month

- WPI inflation of 3.23% for the week ended September 15 was the lowest in more than 5 years. A high base effect has helped in keeping inflation low.
- Credit Demand continues to remain low at 23.4% YoY for the fortnight ended September 14. The RBI's tight monetary stance to control inflation has resulted into high interest rates, which made borrowing costly and unaffordable.
- M3 grew at 20.4% during the fortnight ended September 14, 2007 as per latest data from RBI.
- The Govt. will borrow Rs.590bn in 2HFY08 as per the issuance calendar released by RBI on September 24.
- The rupee went below the 40 levels for the first time in nine years. However, RBI resisted rupee appreciation through active FX intervention.
- India's forex reserves are at all time high of USD 235.89 billion as on September 21, 2007.

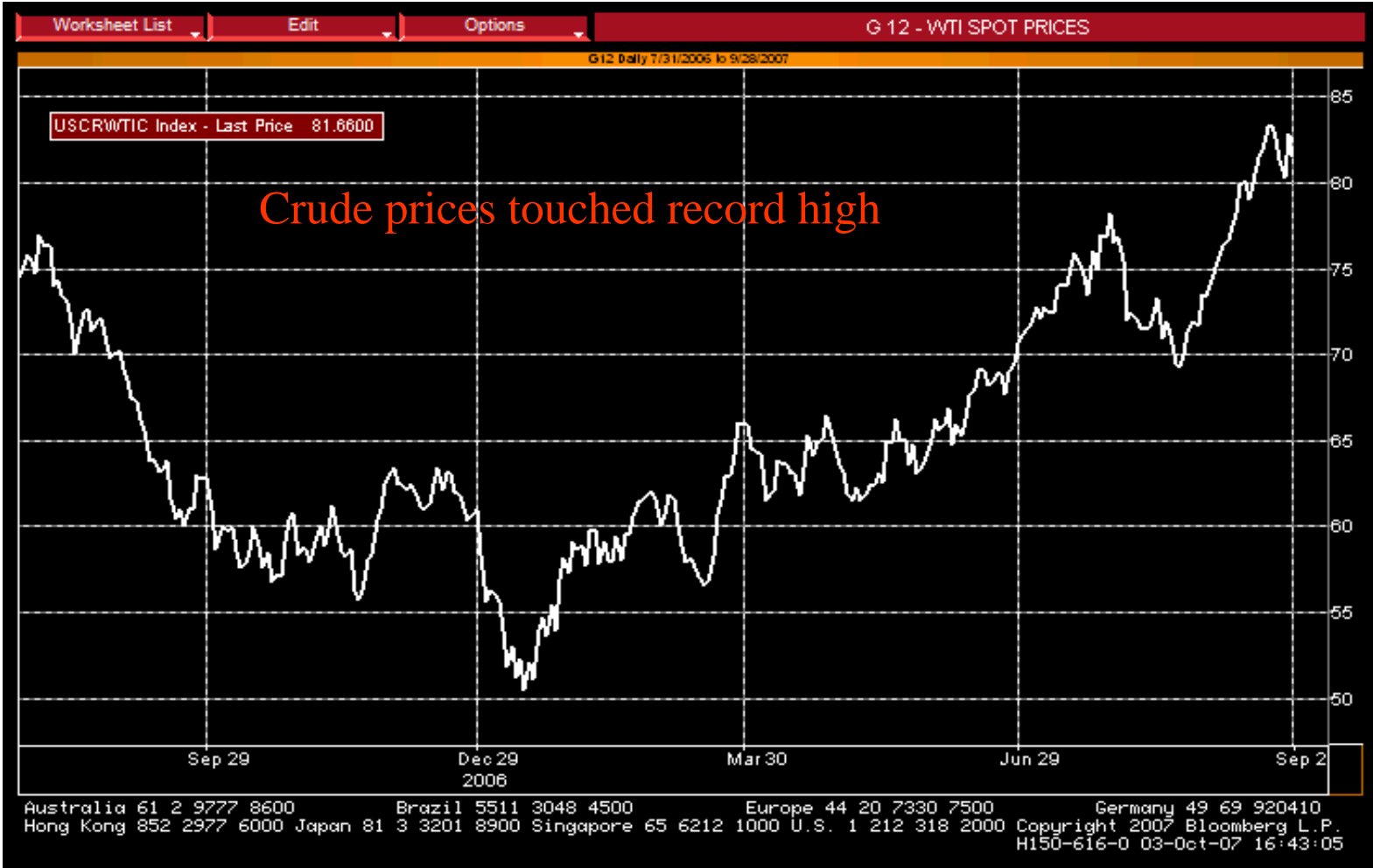
WPI Inflation



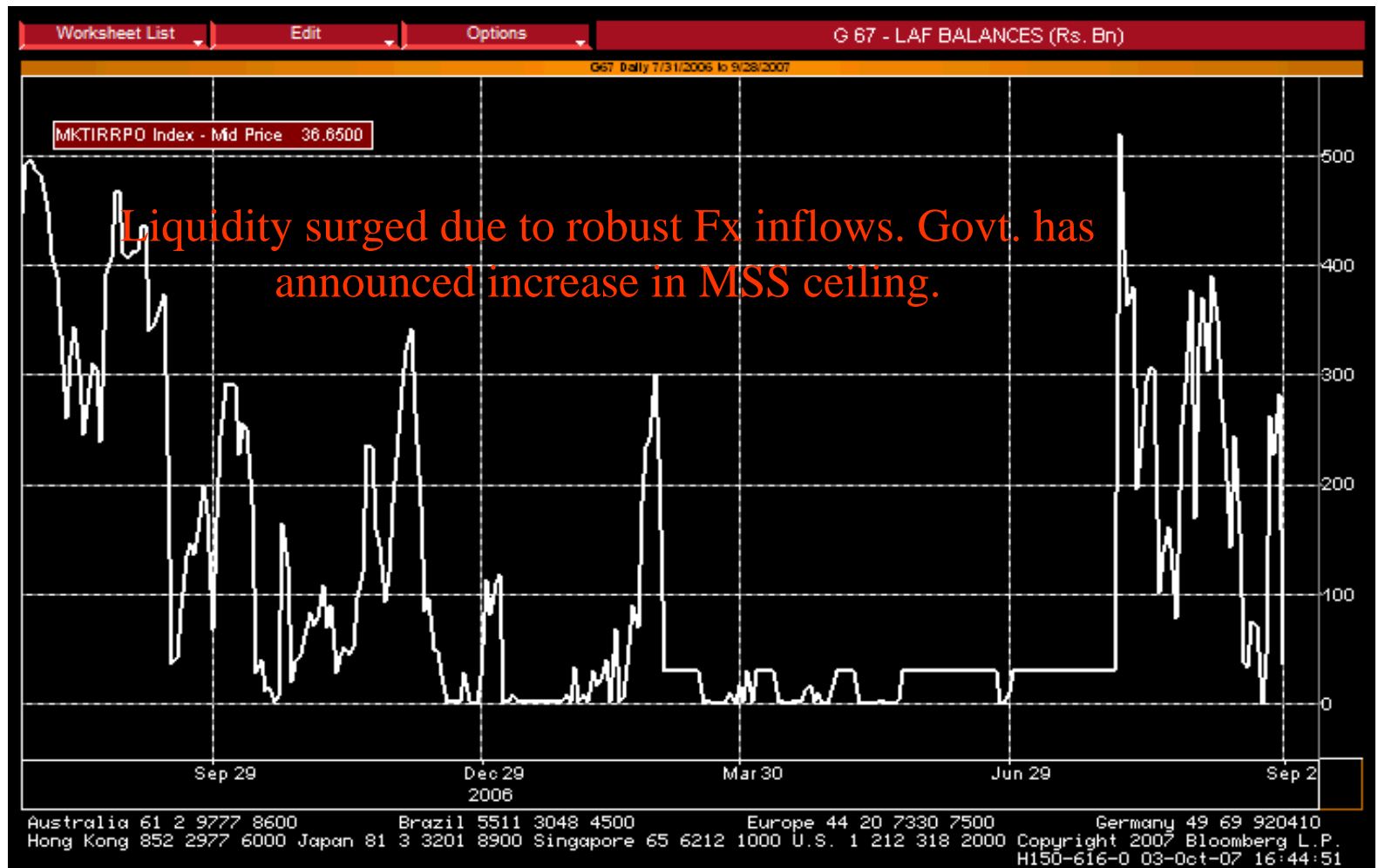
WPI Components



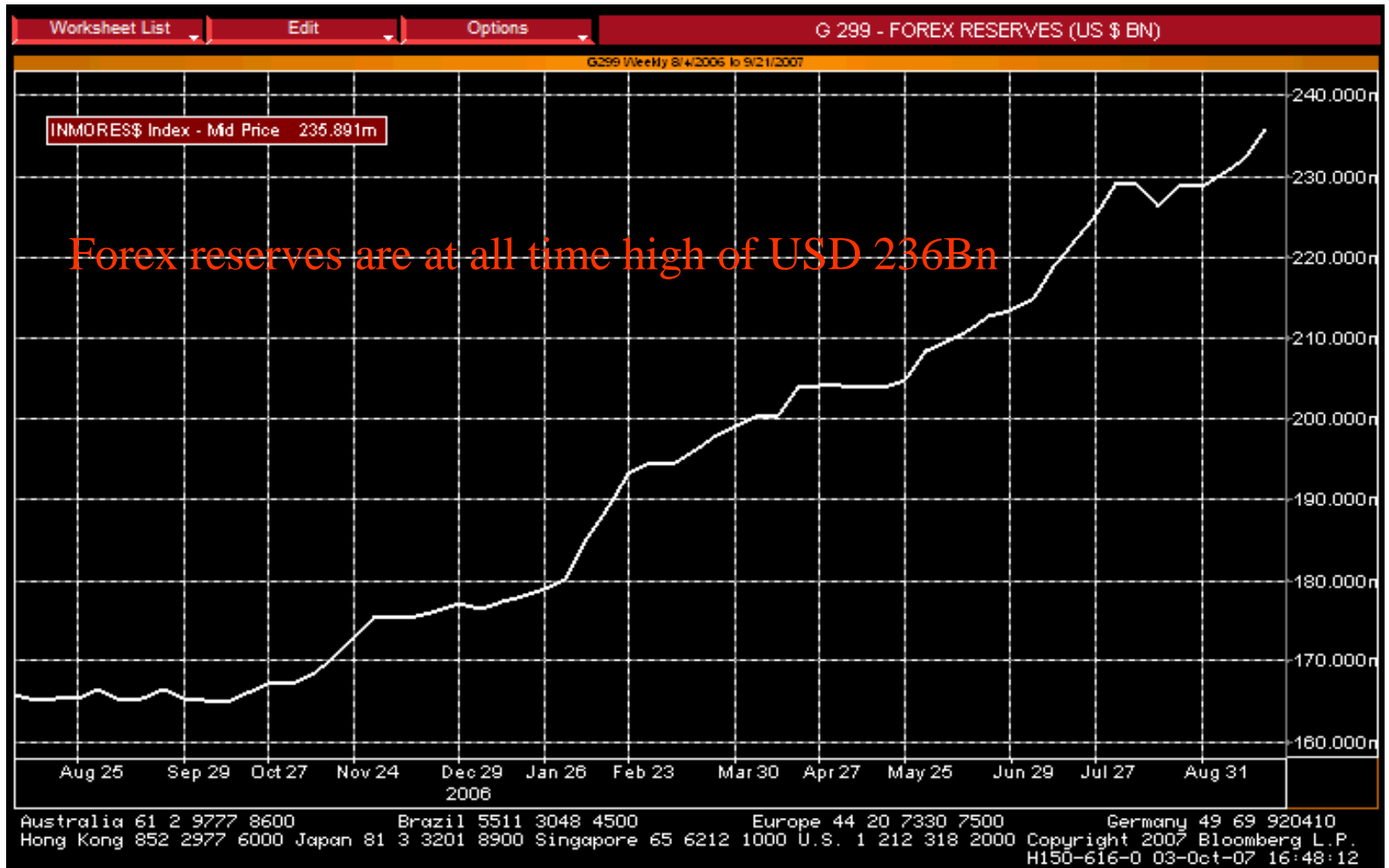
Crude Oil Prices



Liquidity (LAF Balance)



Forex Flows



Currency Markets



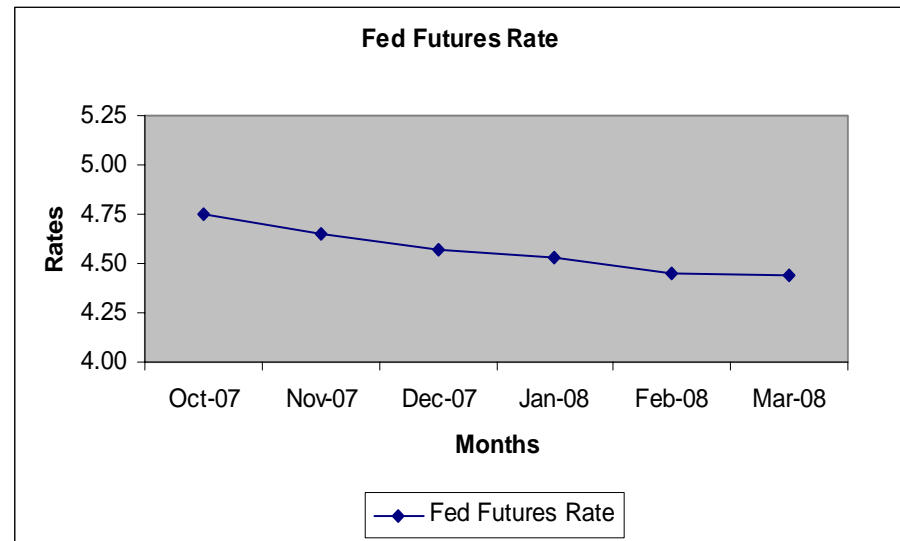
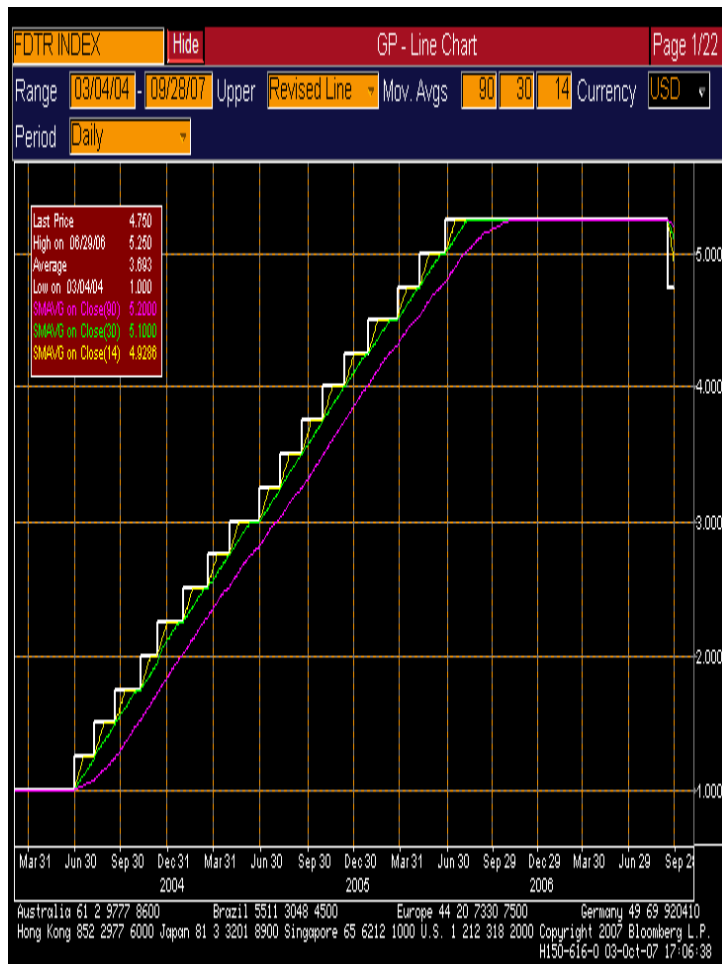
Credit Growth



Global Interest Rates



US Fed Funds Rate



Month	Fed Futures Rate
Oct-07	4.75
Nov-07	4.65
Dec-07	4.57
Jan-08	4.53
Feb-08	4.45
Mar-08	4.44

Post Fed rate cut of 50 basis points, markets are now discounting another 25 bps cut by Feb 08



USD 6m LIBOR



USD-Euro Spot Rate



Domestic Interest Rates



5 Year OIS Swap Rate



Ample liquidity and benign global int. rates pulled down rates.



5 Year AAA Yields and Spread



Outlook

- Long Term: Positive

- The RBI is expected to manage liquidity in a manner, which is conducive to growth as well as stable inflation.
- Fed Rate cut will keep a cap on the Indian Interest rates.

- Short Term: Positive

- Liquidity is expected to remain comfortable. The banking system is well geared to handle festival season credit demand.
- With benign inflation figures and slow credit growth as of now, RBI is expected to keep key policy rates untouched for the time being.

- Recommendation:

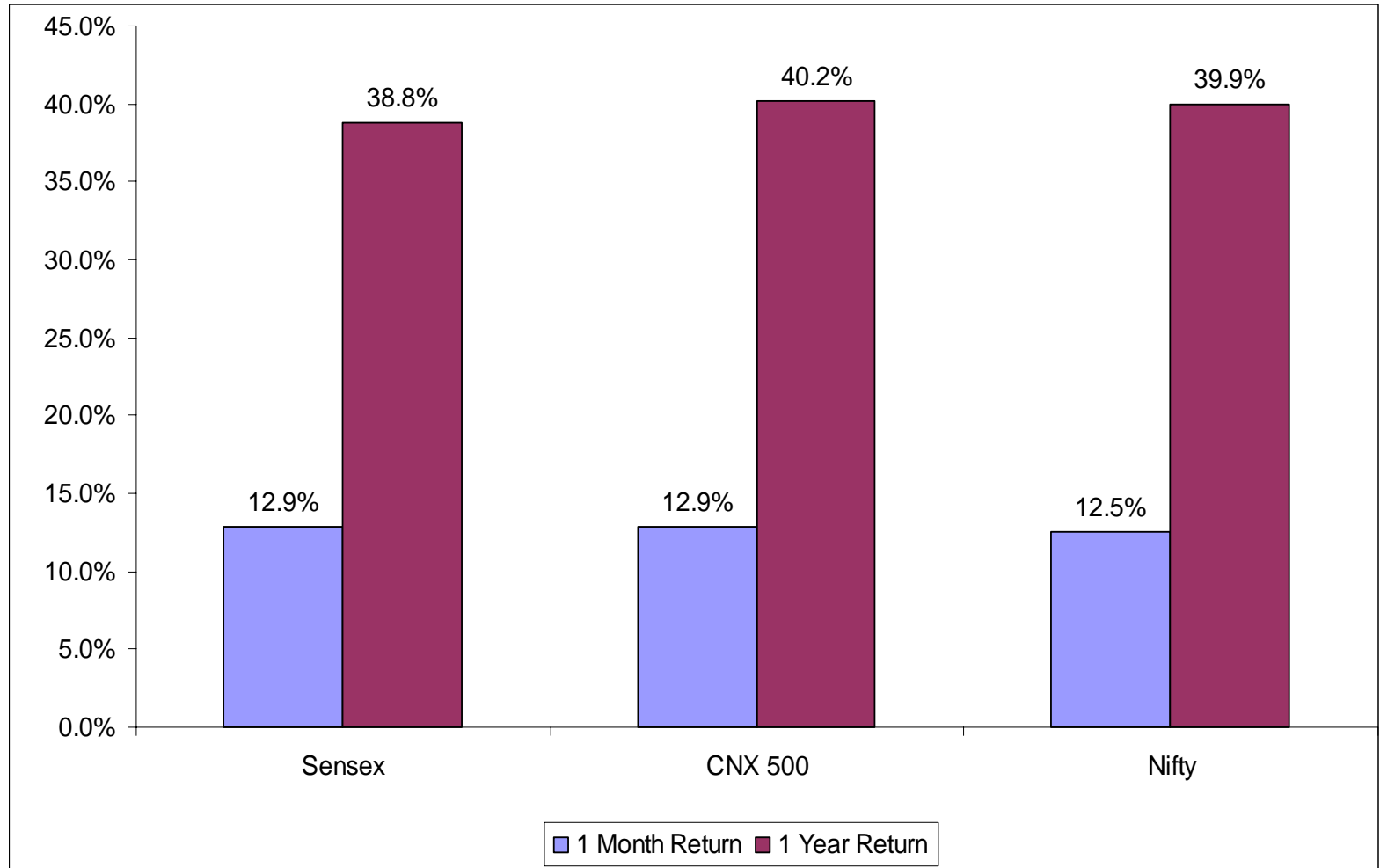
- Double Indexation FMPs
 - Tax efficient returns - Investors have an option to avail double indexation benefit on potential Capital Gains earned on the investment.
 - A diversified portfolio of investment grade securities.
 - Investing in securities with maturity in line with the maturity of the Plan thus mitigating price risk and reinvestment risk.
 - Choice of Plans (18 months, 17 months, 16 months and so on will be launched) depending on the investment horizon.

EQUITY MARKETS

Events of the Month

- India's BoP for Q1FY08 stood at a surplus of \$11.2bn, mainly due to high Capital Account surplus of \$15.3bn which signifies the continued confidence of global investors in the strength of the Indian economy
- IIP growth for July 2007 are subdued with growth of 7.1%. Blip due to monsoon rather than a declining trend.
- Sensex gained 12.88% over the last month. More than 10% since September 18.
- All major global markets gained after the US Fed rate cut by a huge 50 basis points.
- Global liquidity is expected to play a major role going forward.

Market Returns*

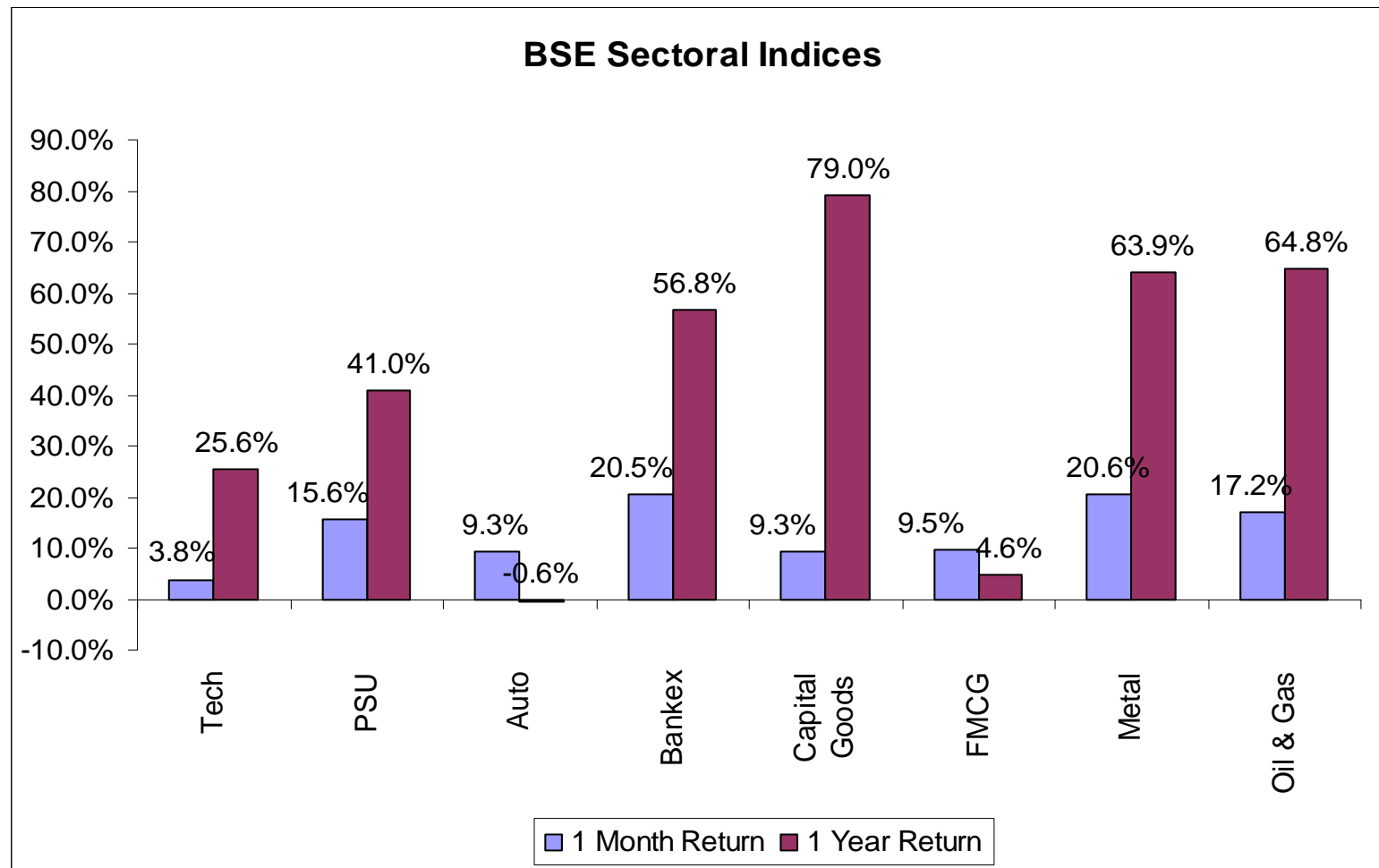


Markets rallied backed by robust FII inflows.



*As on 30th September, 2007

Sectoral Performance*



Banking and Metal stocks were out performers during the month, while Auto underperformed



*As on 30th September 2007

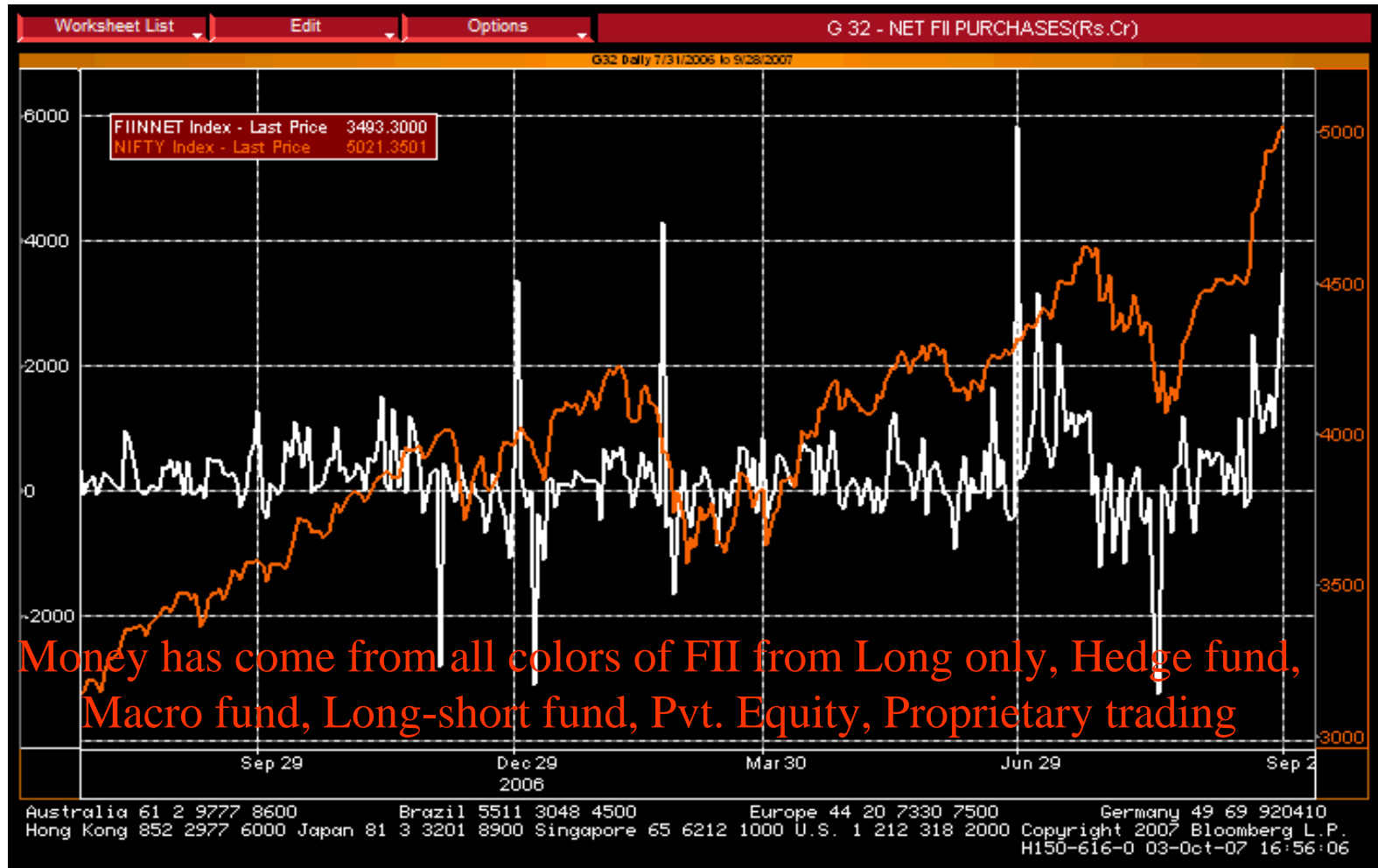
Cash Market Delivery

CATEGORY	AMOUNT (RS. CR.) September 2007
CLIENTS	(11160)
NRI	(22)
PROPRIETARY	481
IFIs	(130)
BANKS	(1790)
FIIIs	18948
MFs	(760)

Local investors sold when FIIIs were buying in September 07



FII Flows



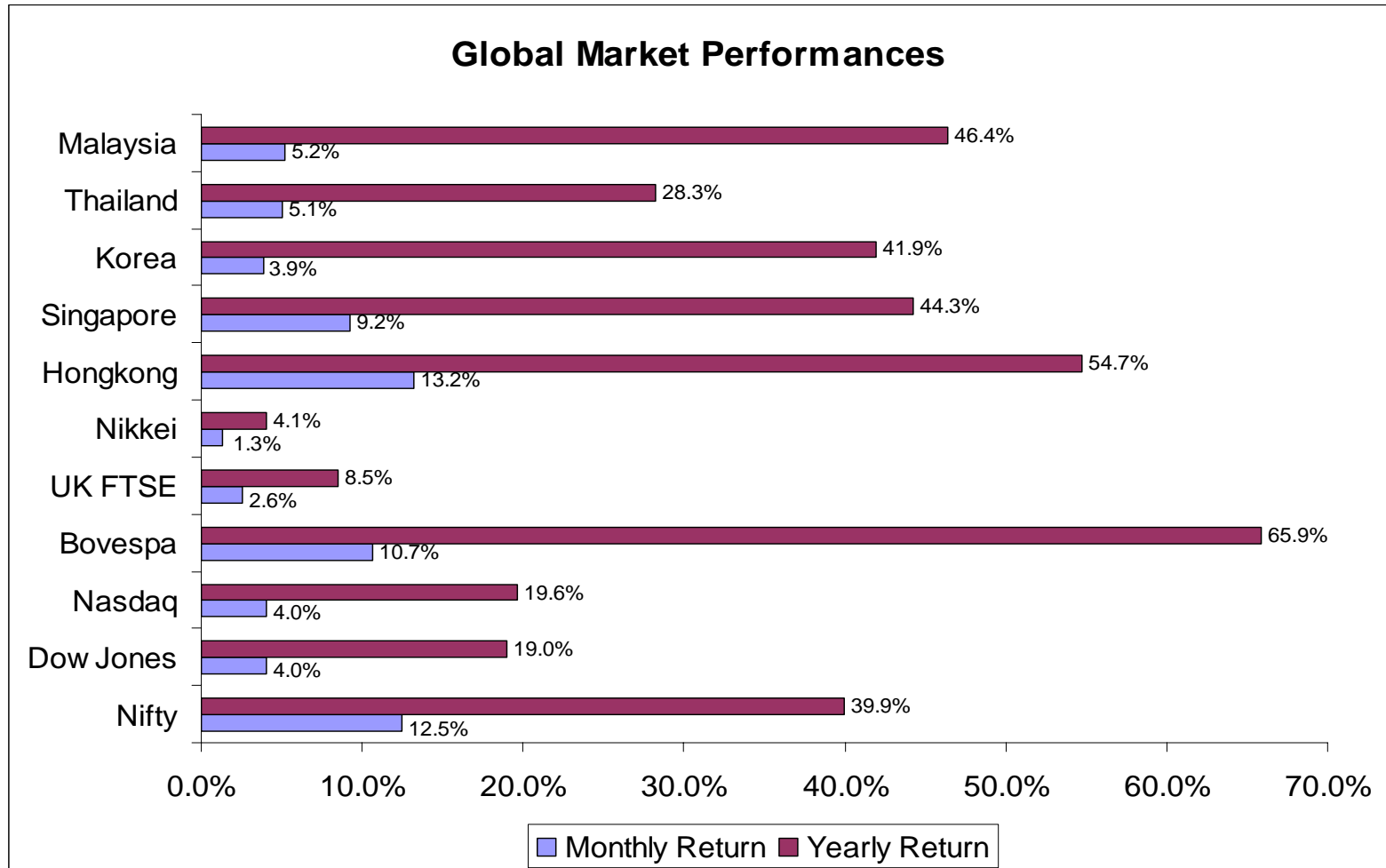
MF Flows (Rs Cr)



India v/s Emerging Markets



Global Markets



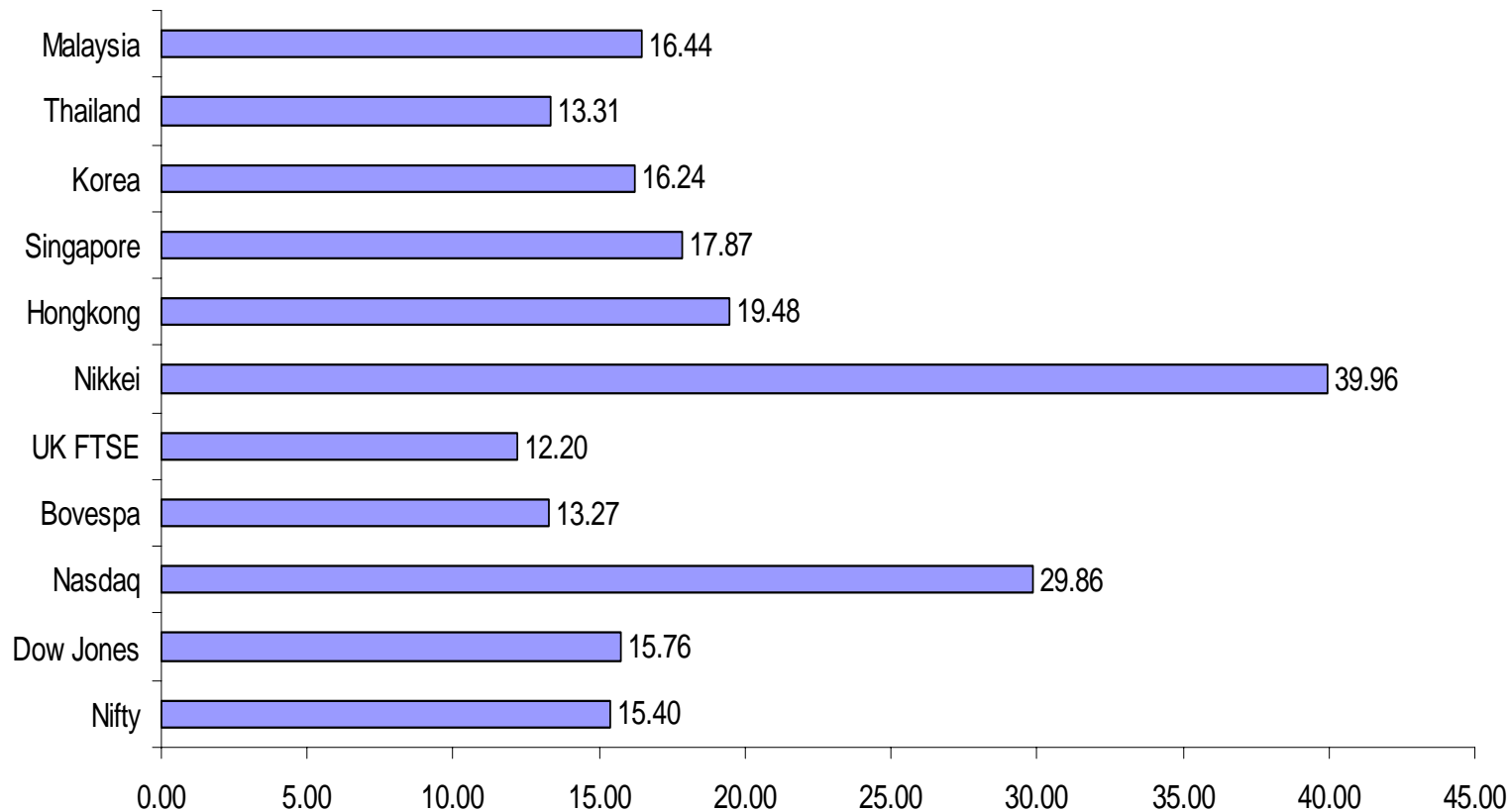
Global markets rallied post US Fed rate cut.



***As on 30th September, 2007**

Global Valuations

P/E Multiple (One year forward) of Indices

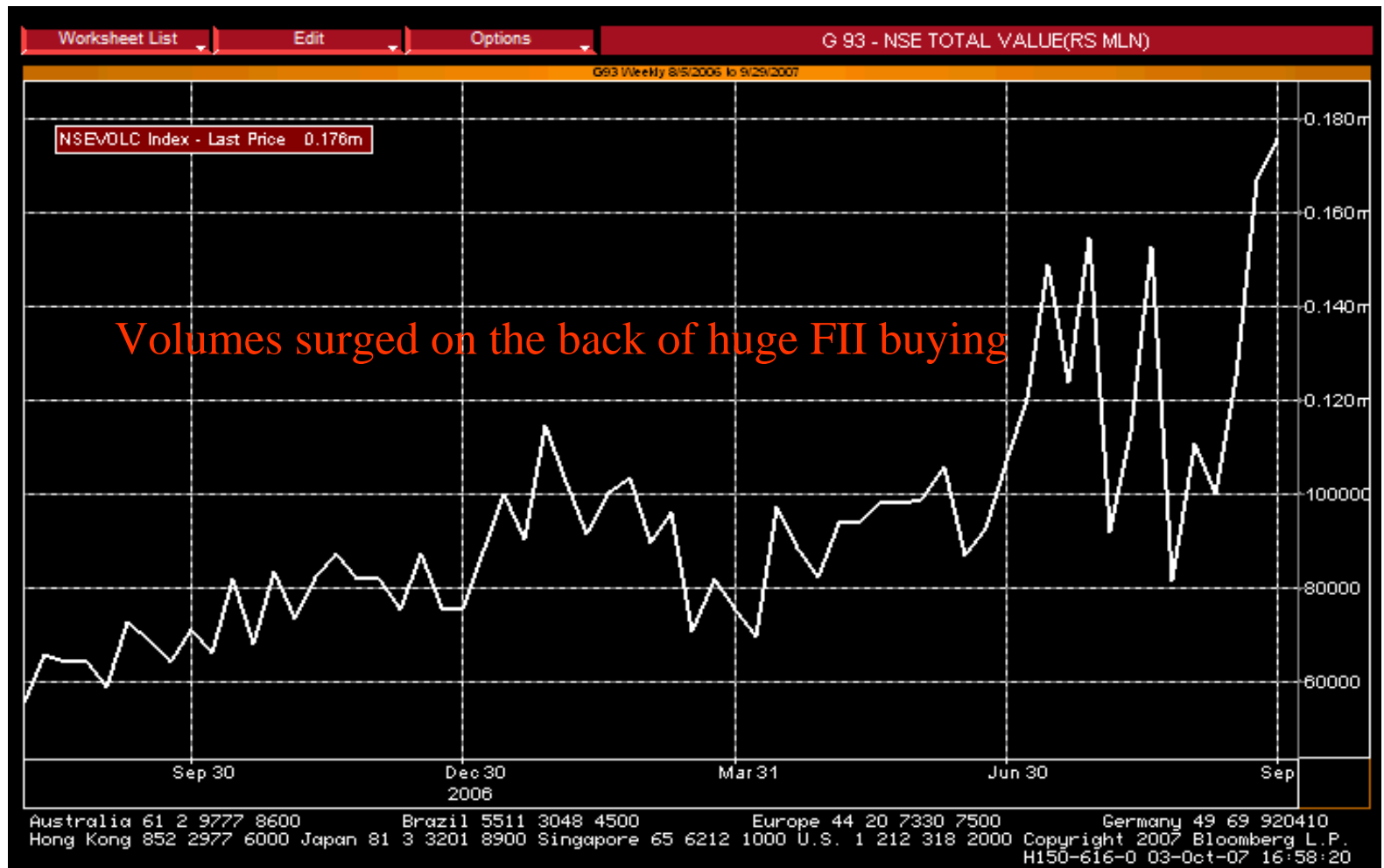


Valuations have stretched after the rally post September 18

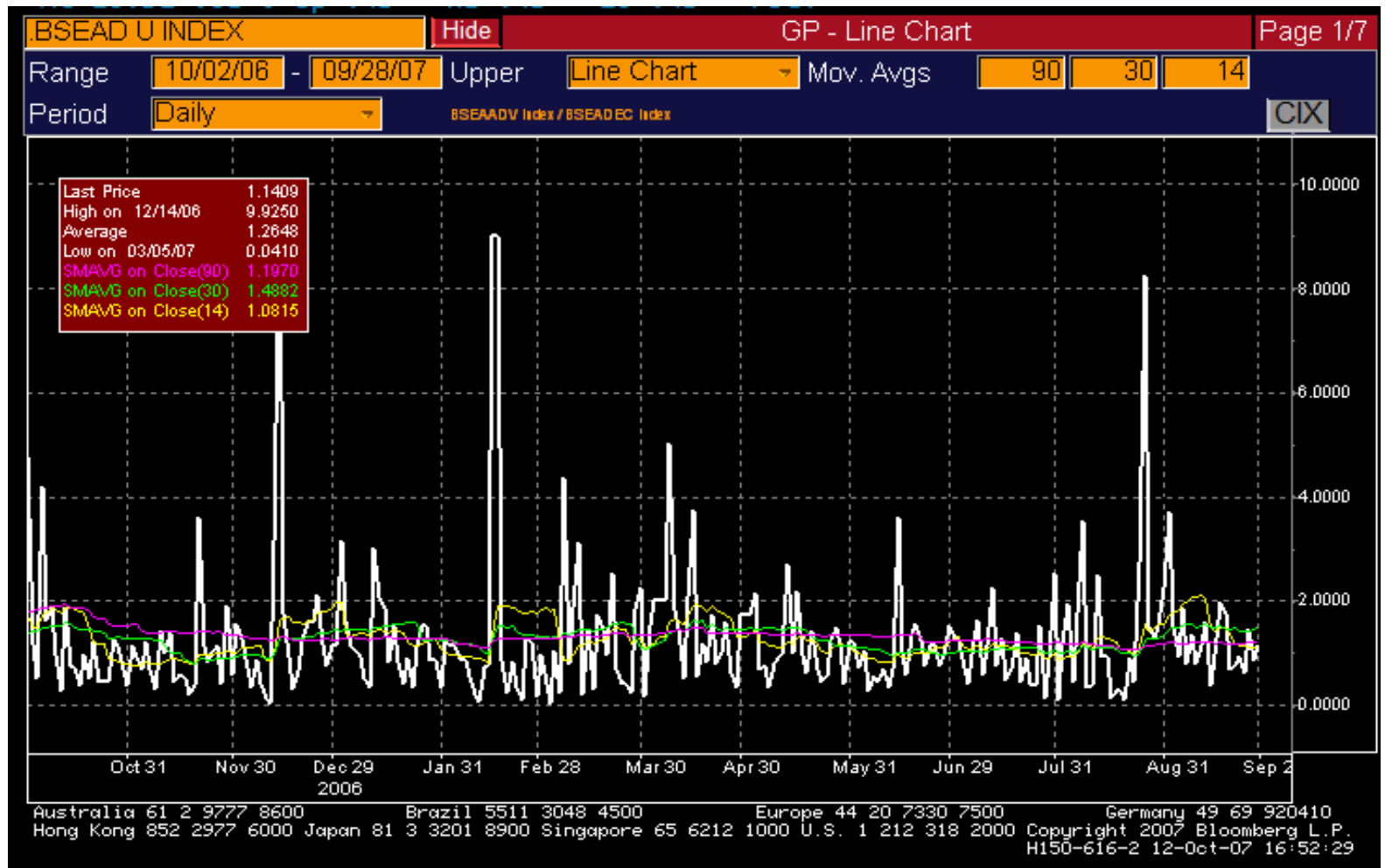


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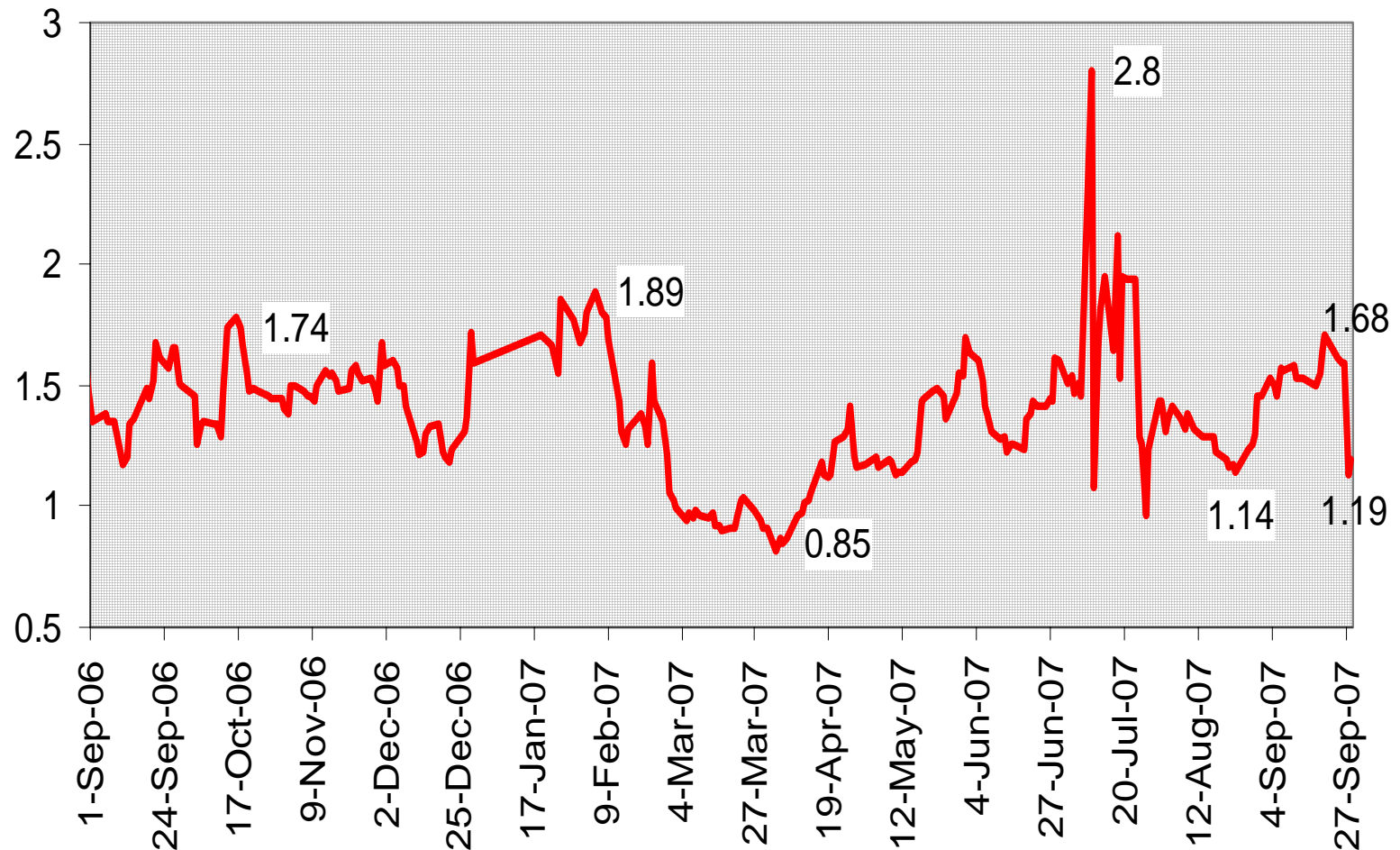
NSE Total Volume



Advance-Decline Ratio

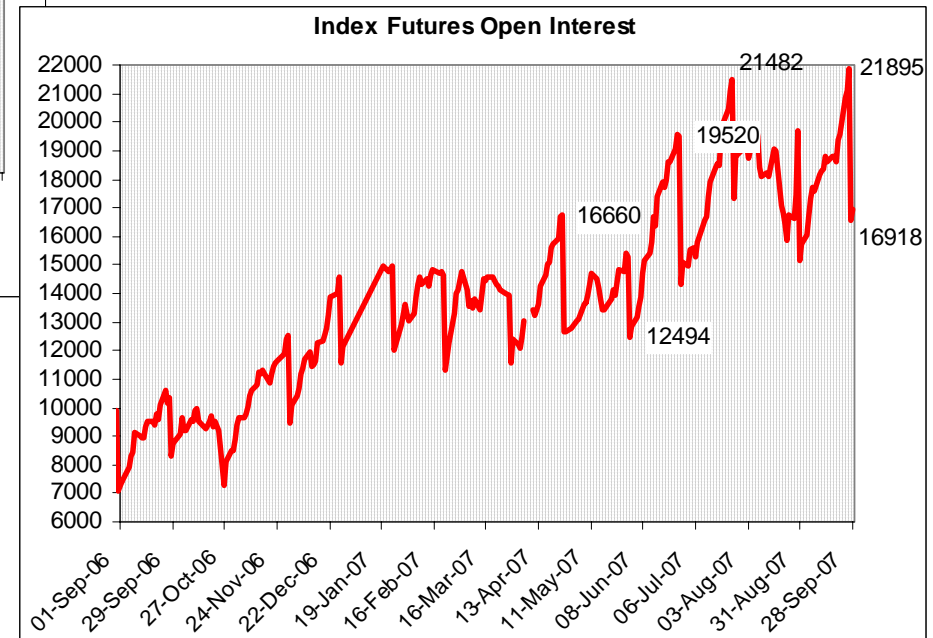
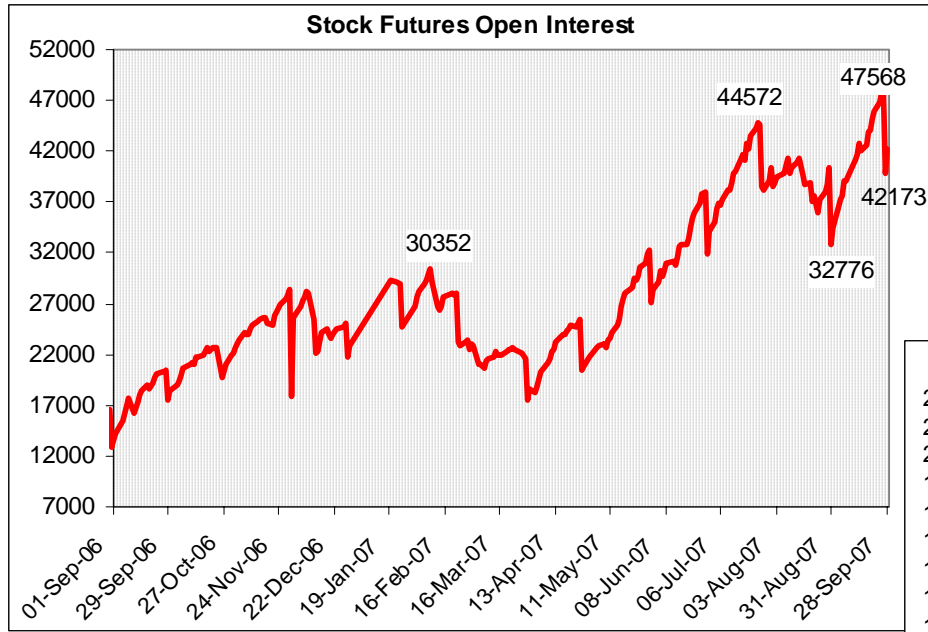


Nifty Put-Call Ratio



Put-Call ratio has come down, indicating markets are less cautious

Open Interest in F&O



Open Interest surged during the month in both stocks and index futures.

Outlook

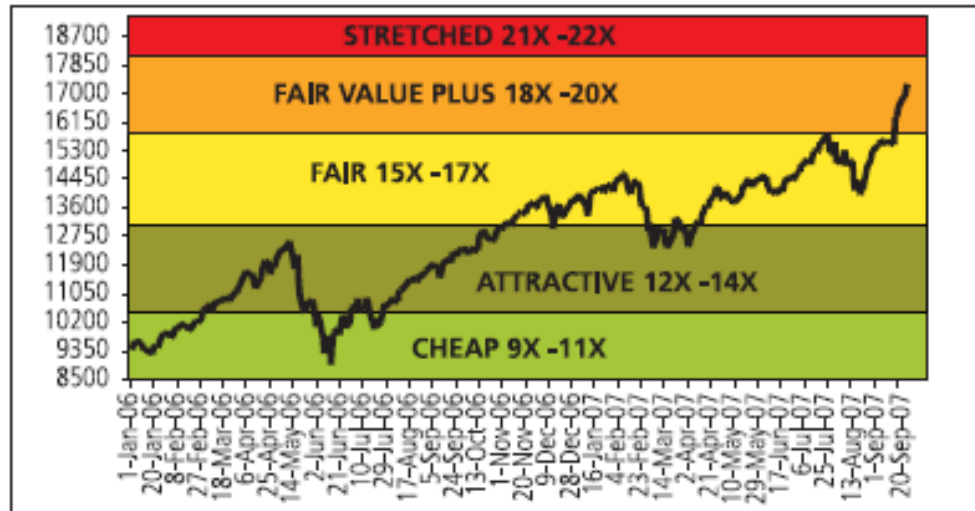
- With the long-term India growth story intact, remain invested in equity with a longer time horizon.
- In a fair value market plus, maintain a neutral allocation towards equities (Please refer “Guide to Asset Allocation”).
- Both - the economy and the corporate sector are doing well.
- Asset allocation and Systematic Investment Plans are the best way to safeguard against volatility. They ensure optimal returns and not the maximum return in volatile markets.
- Investors should look at a mix of large and mid cap funds for 3-5 years horizon on systematic investment basis.
- Global liquidity, sub-prime concerns and political events are the factors to keep a watch on.

Recommendations

- **ICICI Prudential Dynamic Plan**
 - Diversified equity fund that aims to generate capital appreciation by actively investing in equity instruments.
 - The fund is uniquely positioned to provide a downside protection, with its ability to gradually move into cash in an overvalued market.
 - The fund seeks to provide the agile combination of stock selection, market timing, diversification and cash management aimed at harnessing market opportunities.
 - Holdings in select upstream Oil companies, Banking companies and Consumer staple companies where valuation is justified on the basis of conventional valuation techniques.
- **ICICI Prudential Equity and Derivatives – Wealth Optimizer Plan**
 - Fund aims at generating risk-controlled equity linked returns.
 - The Plan endeavors to follow two golden rules of successful investing (1) “buy low and sell high” and (2) “buy companies, not stocks”
 - The Plan uses the Hedge Ratio mechanism and depending on equity market conditions, it changes its equity exposure by changing the hedge ratio.
- **ICICI Prudential Infrastructure Fund**
 - The investment focus is on the core infrastructure sector and the sectors that directly feed off the growth in the core sector.
 - A multi sector fund, and therefore has a much lower concentration risk than a typical sector fund.

Asset Allocation

This asset allocation guide helps you to determine the suggested equity exposure at different valuations levels based on the Sensex.



Valuation levels of the Sensex based on Q2FY09 earnings estimate of Rs.908

MARKET	CHEAP	ATTRACTIVE	FAIR	FAIR VALUE PLUS	STRETCHED	BUBBLE
EQUITY ALLOCATION	Over Invested	Neutral +	Neutral	Neutral -	Under Invested	Exit
	70%-80%	55%-65%	50%	35%-45%	15%-25%	5%-10%

Suggested Equity Allocation (Assuming 50% equity allocation as neutral)

Risk Factors

Statutory Details: ICICI Prudential Mutual Fund (erstwhile Prudential ICICI Mutual Fund) (the Fund) was set up as a Trust sponsored by Prudential plc (through its wholly owned subsidiary namely Prudential Corporation Holdings Ltd) and ICICI Bank Ltd. ICICI Prudential Trust Limited (erstwhile Prudential ICICI Trust Limited) (Trust company) is the Trustee to the Fund and ICICI Prudential Asset Management Company Ltd. (erstwhile Prudential ICICI Asset Management Company Limited) (AMC) is the Investment Manager to the Fund. ICICI Bank Ltd (ICICI Bank) and Prudential Plc (acting through its wholly owned subsidiary namely Prudential Corporation Holdings Ltd) are the promoters of the AMC and the Trust Company. ICICI Bank currently holds 51% stake in both the companies and the balance 49% stake in both the companies is held by Prudential plc (acting through its wholly owned subsidiary namely Prudential Holdings Corporation Ltd). Prudential Plc (acting through its wholly owned subsidiary namely Prudential Corporation Holdings Ltd) transferred 6% of its shareholding in both the companies to ICICI Bank w.e.f 26th August 2005. Subsequently in accordance with the approval granted by the Board of Directors and the shareholders of the AMC and the Trust Company the name of the AMC has been changed to ICICI Prudential Asset Management Company Limited and the name of the Trust Company has been changed to ICICI Prudential Trust Limited. SEBI has vide its letter no IMD/PM/84968/07 dated January 23, 2007 conveyed its no objection to the said change of names of the AMC & the Trust company. The said change of names has also been approved by the Registrar of Companies, NCT of Delhi & Haryana, Ministry of Company Affairs, Govt of India. The Board of Directors of the Trust company have at their meeting held on 20th February 2007 accorded approval for the change of name of the Mutual Fund to ICICI Prudential Mutual Fund as well as of the various schemes /plans/options there under. SEBI has vide its Letter Nos IMD/PM/90168/07 & IMD/PM/90170/07 dated 2nd April 2007 accorded approval for the same. **Risk Factors:** Mutual Funds and securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the Schemes will be achieved. As with any securities investment, the NAV of the Units issued under the Schemes can go up or down, depending on the factors and forces affecting the capital markets. Past performance of the Sponsors, AMC/Fund does not indicate the future performance of the Schemes of the Fund. The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes beyond the contribution of an amount of Rs.22.2 lacs, collectively made by them towards setting up the Fund and such other accretions and additions to the corpus set up by the Sponsors. Please read the Offer Document carefully before investing.



Thank you

