

Mutual Funds Monthly

December Outlook

Equity Markets

- As at the end of November, Equity Markets were comfortably above 13,000 levels. As a matter of fact, the 14,000-mark has also been breached in intra-day trades in the beginning of December.
- Market participants feel that the current bull-run may persist further if corporate earnings maintain momentum.
- However, this rally is clearly not broad-based. While the leading benchmark indices - BSE Sensex and S&P Nifty - have long since scaled past levels witnessed prior to the May meltdown, the broader indices of mid-cap and small-cap firms are still to experience similar buying thrusts. Also, there are several sectors that have individually not seen significant action. The growth stories today revolve largely around Banking, IT and infrastructure themes, while other notably prominent segments like FMCG and metals have witnessed patchy performances.
- In addition, volumes are not high enough to instill absolute faith. The market breadth remains weak and volatility has become a permanent addendum to Equity Market investments.
- However, FII enthusiasm does not seem to be flagging. In fact, Indian equities witnessed record inflows of over \$2 billion in November. As indicated by the increasing number of FIIs registering with the SEBI every month, there is apparently a clear optimism for the India growth story.
- We remain bullish on equities with a long-term perspective.

Debt Markets

- We continue to maintain a bearish stance on Debt Markets.
- An aspect causing significant concern to global Central Banks, including the RBI, has been the specter of rising inflation. This was largely fuelled by the elevated prices of global crude. For sometime in the recent past, crude prices had been receding. However, the scenario will in all likelihood reverse as the OPEC is scheduled to discuss a further cut in production to stem the slide.
- In the Indian case, however, the effect of higher fuel prices on inflation has been marginal due to the incomplete pass-through effect. Nevertheless, inflationary tendencies remain significantly visible in higher prices of food and other primary articles and the possibility of up-ticks in commodities. The threat is more severe when one looks at core inflation readings. This measure (which excludes food and fuel) was noted at 4.76% as on November 18th, significantly higher than the level of 1.96% as seen at the beginning of the current fiscal.
- Though liquidity had eased towards the end of November, it is likely to witness constraining pressures in December on account of outflows through advance tax payments. Though however, the effect may be mitigated if forex inflows through the equities route remain buoyant. Furthermore, in case of another hike in RBI's benchmark rates, then given the status quo on rates in the US, there may be more capital flows into India. As such, there will be increased impetus on the rupee to appreciate. In both these cases, the RBI may choose to intervene by buying dollars and infusing rupee liquidity. The other pressure that may cap the rupee's upside is the widening trade deficit.

Schemes Watch

Equity Funds – Short Term: Neutral; Long Term: Positive

- DSP ML Opportunities Fund - Growth
- Franklin India Prima Plus - Growth
- HDFC Equity Fund - Growth
- SBI Magnum Global Fund 94 - Growth
- Prudential ICICI Infrastructure Fund - Growth

Equity Linked Savings Schemes – Positive

- HDFC Tax saver - Growth
- SBI Magnum Tax Gain Scheme 93
- Sundaram BNP Paribas Tax saver - Growth

Balanced Funds – Equity-oriented – Neutral

- HDFC Prudence Fund - Growth
- SBI Magnum Balanced Fund - Growth
- Tata Balanced Fund - Growth

Balanced Funds – Debt-oriented – Negative

Monthly Income Plans (MIP) – Negative

Liquid Funds – Positive

- DSP Merrill Lynch Liquid Plus Fund - Institutional Plan - Growth
- Tata Liquidity Management Fund - Growth
- UTI Liquid Fund - Cash Plan - Institutional - Growth

Short-term Floating Rate Funds – Positive

- DBS Chola Short Term - FRF - Cumulative
- Kotak Floater - ST - Growth
- LIC MF Floating Rate Fund - ST - Growth

Long-term Floating Rate Funds – Neutral

Short-term Debt Funds – Negative

Long-term Debt Funds – Negative

Long-term Gilt Funds – Negative

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Fund Manager Views



Pankaj Razdan has been leading Prudential ICICI AMC as its Managing Director since January 2004. At 34, Pankaj is today amongst the younger CEOs / MDs of corporate India.

Pankaj's experience and insights have been honed over 10 years of experience in the financial services industry. Pankaj has been with the company since its inception in 1998

and has worked in various capacities. Prior to his current assignment, he was the Deputy Chief Executive Officer and was in-charge of Strategic planning, Sales, Marketing and Customer Service. Prior to taking on this role he was responsible for the Sales and Marketing functions. In this role Pankaj was instrumental in formulating and executing the sales strategy, communications strategy for the brand as well as the customer service strategy.

In case of Indian equities, several segments of the market have been voicing concerns on the dwindling volumes, weak breadth, overstretched valuations, tenuous sentiment and the apparent possibility of an imminent correction. However, benchmark indices do not seem to be relenting on their northbound journey. Your views on the current rally...

The current strong levels of Indian Equities market is a result of confidence in India story, which is well supported by growing Indian economy and favorably complemented by sound corporate performance. Positive domestic economic fundamentals coupled with increased FII participation helped to move the market up.

Under current situations we are not excessively leveraged. Not too much of leverage funding has been done from external markets, which gives us respite in terms of inherent market strength. Also, in January next year fresh allocation will be made towards India by FIIs, which on the back of sound domestic economic fundamentals and global developments seem to be positive contributors. Another important factor, which suggests that the strength in the market will not dwindle sizably, is the fact that domestic participation is increasing. More and more people are entering the market during correction and are increasingly understanding the significance of long term patience. Thus overall we believe that the fundamentals are in place, which are keeping the markets strong.

What is your outlook on the flow of foreign funds into emerging market equities? Specifically, do you feel FII interest in Indian equities will persist, given the popular speculation that the Fed may cut its benchmark rate early on in the forthcoming fiscal?

With domestic interest rates moving up, concerns over reallocation of funds towards higher yielding economies seem distant. We expect good FII allocations for India in the new calendar year 2007, as global liquidity remains high. On the domestic front, retail investors and Mutual Funds are flush with funds, thereby further contributing positively to the overall sentiment.

The yield on the benchmark 10-yr 7.59% GOI 2016 has, in recent times, touched levels as low as 7.35%. Given that the current levels are lower than those seen prior to the twin rate hikes in June and July, what reasons would you ascribe to the current scenario? Do you feel the rally in G-secs is clearly overdone?

G-Sec rally was strong due to high liquidity in domestic markets and the expectation of stable interest rate regime on the back of US Fed rate

cuts. Concerns on the domestic front like rising credit growth, ample liquidity and money supply growth were dealt with by RBI's decisions of introducing alternative policy initiatives like repo rate hike or CRR hike in stages rather than raising the lending rates in haste.

What is your view on interest rates going forward? Given the spiraling asset prices, froth in equity markets and the record high GDP growth of 9.2% (y-o-y) in Q2FY07, do you feel the economy has started displaying indications of overheating?

In the prevailing circumstances, interest rates are not likely to rise much. Excess liquidity will be curtailed due to credit offtake and advance tax payment during second half of December. However, in January, increased expected government spending may bring back the liquidity in the system, stabilizing the interest rates.

In recent times, there have been discussions highlighting the non-reliance of companies on corporate bonds as a means for raising funds. What are your views on broadening and deepening this segment?

Indian Corporate Bond Market has witnessed a steady decline in terms of issuance, trading, impact cost and complexity over the last five years. Development of corporate bond market to share the burden of banking system to fund the expanding credit demand of a booming economy is essential. Corporate Bond Market requires a range of products, diverse base of issuers and investors and an infrastructure that facilitates seamless trading at low costs. For this it is important to encourage quality issuers in the local markets and also to address the perennial problem of mismatch between issuers' and investors' time horizons. Structuring along with active secondary market can bridge the gap between issuers and investors. Regulators also need to play an important role in laying the ground rules for introducing innovations. Parallel to this, players need to employ best practices from global markets in letter as well as in spirit to give comfort to regulators and other players that such products will result in a win-win scenario for all parties.

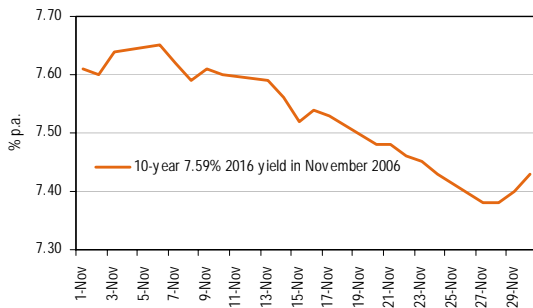
Real Estate Funds: In your opinion, how and why should an investor look at these? What kind of regulations regarding valuations and disclosures can potentially benefit the investors?

In June, SEBI allowed fund houses to float real estate funds, which can invest in real estate properties, shares / bonds of real estate companies and mortgage backed securities. However, the finer guidelines are yet to be framed and shared. Hence it would be too early to comment on the details.

As a Fund House, what is the focus and strategy of Pru ICICI Mutual Fund over the next 3 years?

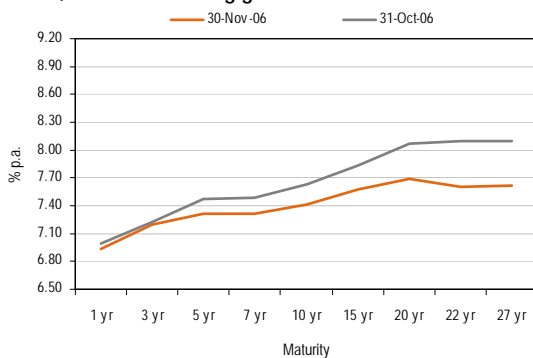
Going forward, we intend to continue focus on expansion in new customer segments and markets and improvement of customer awareness & empowerment through training and education. We plan to penetrate in non-metros and provide customer convenience through distribution channels. We would also invest in branding and communication to make Pru ICICI salient & relevant for distributors & customers. Our endeavour is to launch innovative products for savvy investors and solutions for non-savvy investors and standardize service offering while delivering customer outcomes by building infrastructure and training people.

The benchmark 10-yr yield declined by 21bps during the month of November



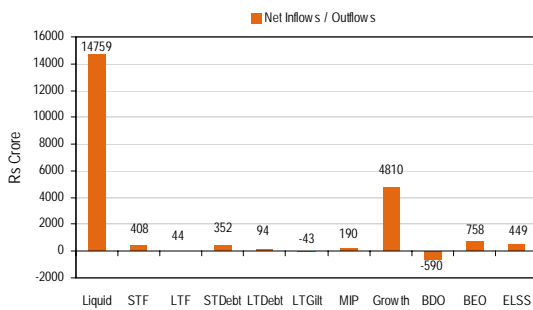
Source: IDBI Capital Market Services

Over November, the yield curve flattened and realigned lower, with the fall being greater at the far end



Source: IDBI Capital Market Services

Net change in assets over October



Source: IDBI Capital Market Services

Fund Category	November Returns %	3 month Returns %	6 month Returns %
Liquid	7.02	6.91	6.67
ST Floaters	6.97	6.89	6.71
LT Floaters	7.06	6.81	6.57
ST Debt	7.37	7.41	7.14
LT Debt	11.18	8.79	7.12
LT Gilt	14.77	10.92	7.53
MIP	14.72	16.24	12.98
Growth	4.42	15.61	23.55
ELSS	4.24	16.63	21.33
Balanced – Eo	2.47	11.11	18.03
Balanced – Do	2.52	9.25	15.02

Note: All figures are annualised %. Figures for Growth Funds, ELSS Funds and Balanced Funds are absolute %.

Source: IDBI Capital Market Services

November Highlights

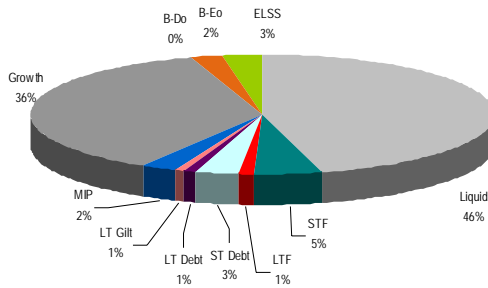
Equity Markets

- Over the month of November, Equity Markets persisted in the throes of significant volatility. Undeterred all the same, FIIs were net investors to the tune of a whopping \$2036.90 mn during the month.
- The total number of FIIs registered with SEBI stood at 993 (as on November 30th, 2006), witnessing an increment of 20 from the figure seen at the end of the previous month.
- During November, the BSE Sensex rallied by 5.09%, while the broader S&P Nifty index rose by 4.98%.
- Even the smaller scrips witnessed notable action with the BSE Midcap and BSE Small cap indices gaining 4.95% and 3.16% respectively over November. However, both indices are still significantly shy of their lifetime highs seen prior to the May meltdown. On the other hand, the Sensex has completely recovered from the quantitative erosion seen in the aftermath of May. A logical implication which has been worrying market participants is that the current rally is largely led by concentrated exposures in select heavy-weight liquid scrips, while the smaller illiquid ones continue to languish with notably lesser appreciation.
- Furthermore, retail participation in stock markets is conspicuous by its absence. The primary thrust continues to be provided by FIIs.

Debt Markets

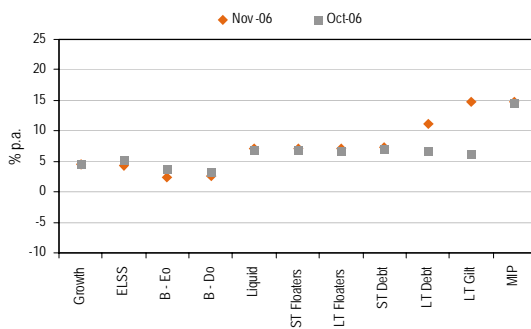
- During November, the Debt Market outlook continued to be bearish.
- At the start of the month, liquidity was moderately tight. However, it improved slightly against the backdrop of reported intervention in forex markets by the RBI. According to market reports, several state-run banks were actively purchasing dollars at the RBI's behest and infusing rupee liquidity in the system. The primary objective was to cap the Indian currency's appreciation on account of healthy FII inflows into equities.
- The rupee was also gaining owing to the overall weakening bias of the dollar against major currencies.
- Inflation remained an area of concern over the month. The WPI has maintained a northward bias for sometime now. The Central Government, succumbing to coalition pressures, reduced prices of petrol and diesel marginally in response to receding prices of global crude. However, this is not likely to have a significant mitigating effect on inflationary tendencies as the WPI's rise is led primarily by the inelastic demand for food and primary articles.
- During the month, the rally in G-secs continued. The yield curve realigned downwards, with the drop being more emphatic at the longer end of the curve. The yield on the benchmark 10-yr 7.59% GOI 2016 even touched multi-month lows of around 7.35%. However, this rally seems overdone and a correction may be imminent.

Assets under Management (as on November 30, 2006)



Source: IDBI Capital Market Services

Returns depict market trends



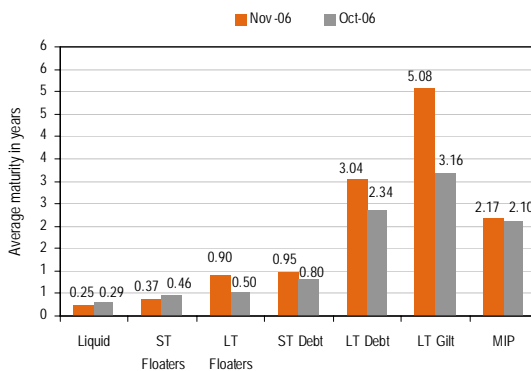
Source: IDBI Capital Market Services

	November 30, '06 Yield	October 31, '06 Yield
Mibor	6.20	6.89
364-day t-bill	6.93	7.00
11.99% 2009	7.19	7.22
9.39% 2011	7.31	7.47
7.27% 2013	7.31	7.49
7.59% 2016	7.42	7.63
10.25% 2021	7.58	7.84
10.18% 2026	7.69	8.07
6.01% 2028	7.60	8.10
7.95% 2032	7.62	8.09

Note: All figures are annualised %

Source: IDBI Capital Market Services

Average maturities increased for most fund categories



Source: IDBI Capital Market Services

Mutual Funds

Net Inflows / Outflows in November 2006

	Net Inflows/Outflows (Rs Cr)		Assets under Management (Rs Cr)	
	Nov. '06	Oct. '06	Nov. '06	Oct. '06
Liquid	14,759	5,875	114,278	99,519
Floater	452	592	15,070	14,619
ST Debt	352	1,936	7,382	7,029
LT Debt	94	(110)	2,199	2,106
LT Gilt	(43)	6	1,399	1,442
MIP	190	144	5,815	5,625
Growth	4,810	1,659	90,954	86,143
ELSS	449	410	6,663	6,214
Balanced (Equity-oriented)	758	184	5,683	4,925
Balanced (Debt-oriented)	(590)	14	355	945
Total	21,232	10,710	249,799	228,567

Mutual Funds

- As at the end of November 2006, the corpus of the Indian Mutual Funds industry stood at Rs. 3,41,377.8 cr. This represents a gain of Rs. 30,518.09 cr over the level seen at the end of October.
- The inflows were largely into Liquid Funds, which seem to have benefited from the prevailing uncertainty in both Debt and Equity Markets. Liquid Funds are permitted only a certain maximum stipulated investment in mark-to-market securities, and as a result, these funds are, to some extent, insulated from the vagaries of interest rate changes.
- Led by the ongoing rally in equities, there were some net fund flows into Diversified Equity Funds also.
- The third major segment that witnessed encouraging influx of funds during November was the FMP category. These schemes have become increasingly popular in recent times as they invest in debt instruments that mature in line with the tenor of the plan. As such, given the prevailing high interest rate scenario, investors can potentially benefit from the higher coupon (accrual yield) of the debt papers invested in.
- As at the end of November, UTI maintained its status as the Fund House with the highest AUM, which was registered at Rs. 41,622.51 cr. In second place was Prudential ICICI Mutual Fund (Rs. 35,232.16 cr), which was followed closely behind by Reliance Mutual Fund (Rs. 34,636.9 cr) in third place.
- The Fund House that witnessed the highest gains to AUM during the month was LIC Mutual Fund (Rs. 4,022.02 cr), while the highest outflows were from Canbank Mutual Fund (Rs. 332.95 cr).

Diversified Equity Schemes invest in equities across sectors

December Outlook
Neutral

No. of schemes studied	154	November Return	4.42%
		November AUM*	Rs 90,954cr

* For the entire universe of Diversified Equity Schemes

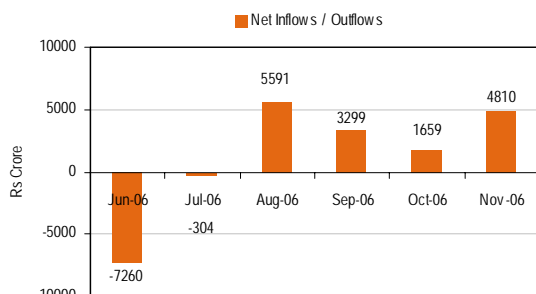
Scheme-wise Returns and Volatility

Scheme Name	November absolute Returns (%)	October absolute Returns (%)	3-month absolute Returns (%)	6-month absolute Returns (%)	1-mth over 1-yr Rolling Returns (%)	1-mth over 1-yr volatility of returns
Quartile I						
SBI Magnum Global Fund 94 - Growth	10.83	7.59	28.40	26.28	4.43	9.15
SBI Magnum Midcap Fund - Growth	10.47	4.72	24.99	25.06	3.80	9.45
UTI Thematic Infrastructure Fund - Growth	10.38	4.92	25.86	32.11	4.55	9.31
Tata Service Industries Fund - Growth	9.54	6.60	24.58	24.42	3.41	9.16
HSBC Midcap Equity Fund - Growth	9.39	3.11	20.17	17.19	2.83	9.58
UTI Thematic Mid Cap Fund - Growth	8.77	5.15	19.41	6.69	1.97	10.19
ABN AMRO Opportunities Fund - Growth	8.59	4.66	22.91	29.28	3.47	8.91
Kotak Lifestyle Fund - Growth	8.55	2.99	19.46	26.14	1.29	10.04
Prudential ICICI Service Industries Fund - Growth	8.33	8.68	27.43	30.57	2.89	8.67
ABN AMRO Future Leaders Fund - Growth	8.17	5.11	21.48	19.76	2.23	10.30
Tata Infrastructure Fund - Growth	8.10	5.65	24.18	29.23	4.68	9.39
Franklin India Opportunity Fund - Growth	8.00	5.74	22.77	39.61	4.39	9.75
HSBC India Opportunities Fund - Growth	7.78	5.95	19.44	30.03	3.99	8.95
Quartile II						
DSP ML Tiger Fund - Growth	7.76	5.45	23.04	33.00	4.35	8.80
HSBC Advantage India Fund - Growth	7.71	4.52	20.06	28.93	1.98	9.22
DBS Chola Opportunities Fund - Cumulative	7.36	6.58	32.29	33.51	3.28	8.14
Taurus Starshare	7.36	6.19	24.25	29.69	4.29	10.26
SBI Magnum Equity Fund - Dividend	7.29	4.79	16.65	29.47	3.87	7.73
Standard Chartered Premier Equity Fund - Growth	7.20	3.95	18.20	14.77	2.63	9.63
SBI Magnum Multiplier Plus 93 - Growth	7.19	4.73	17.06	25.88	3.84	8.65
UTI India Advantage Equity Fund - Growth	7.14	8.06	17.56	21.08	2.00	7.89
ABN AMRO Equity Fund - Growth	6.97	5.10	20.58	30.23	3.48	8.71
Tata Select Equity Fund - Appr	6.96	5.16	19.88	30.25	4.25	9.37
UTI Masterplus Unit Scheme 91 - Growth	6.87	4.82	21.21	33.80	1.80	8.29
Fidelity Equity Fund - Growth	6.87	4.25	20.30	30.93	3.69	7.97
Canequity Diversified - Growth	6.83	4.33	17.26	21.73	2.63	9.31
Quartile III						
Birla Infrastructure Fund - Growth	6.81	4.27	21.04	30.88	1.61	10.30
HSBC Equity Fund - Growth	6.68	5.34	18.61	32.46	3.47	7.82
Fidelity India Special Situations Fund - Growth	6.52	4.85	20.09	35.47	5.98	5.54
UTI-MEPUS	6.49	3.43	18.81	34.66	2.66	7.36
UTI Leadership Equity Fund - Growth	6.45	4.40	19.45	33.12	1.96	9.06
DBS Chola Midcap Fund - Growth	6.42	2.69	19.68	22.05	2.63	8.55
DBS Chola Global Advantage Fund - Growth	6.40	1.85	13.42	14.22	1.49	6.58
JM Hi Fi Fund - Growth	6.40	4.29	20.69	28.64	0.89	10.91
SBI Magnum Multi Cap Fund - Growth	6.30	4.51	18.11	27.93	3.56	7.92
Prudential ICICI Emerging STAR Fund - IP - Growth	6.20	6.34	18.53	20.96	0.28	11.56
SBI Magnum Sector Umbrella-Emerging Businesses-Gr.	6.16	6.35	21.64	17.24	2.58	9.14
JM Equity - Growth	6.15	5.98	18.04	33.30	3.63	7.66
CanInfrastructure Fund - Growth	5.95	5.33	18.91	23.12	2.62	9.33
Quartile IV						
Can Emerging Equities - Growth	5.90	0.75	12.30	15.75	2.21	9.26
Prudential ICICI Infrastructure Fund - Growth	5.88	5.25	21.90	34.42	4.80	9.12
Principal Resurgent India Equity Fund - Growth	5.87	5.42	18.04	25.23	3.33	7.61
Sundaram BNP Paribas CAPEX Opportunities Fund-Growth	5.79	7.25	20.42	23.50	4.36	9.67
UTI Master Growth - Growth	5.77	5.29	16.23	27.88	3.40	8.19
Tata Growth Fund - Growth	5.76	5.52	17.90	18.33	2.61	9.08
SBI Magnum Sector Umbrella - Contra - Growth	5.67	5.03	18.23	26.75	3.91	8.32
UTI Growth & Value Fund - Growth	5.62	5.31	15.67	23.63	2.29	7.86
Birla SunLife Equity Fund - Growth	5.61	4.99	21.17	33.53	3.73	8.51
DBS Chola Multi Cap Fund - Growth	5.58	3.96	19.07	23.90	2.80	7.61
Kotak 30 - Growth	5.54	3.89	15.49	22.92	3.67	7.71
LIC Equity Fund - Growth	5.47	6.08	16.93	27.27	2.59	9.08
Principal Large Cap Fund - Growth	5.37	5.35	17.08	32.74	3.91	7.69
Average	4.42	4.43	15.61	23.55	2.88	8.20

Note: All figures are absolute.

Schemes have been divided into quartiles in descending order of November absolute returns.

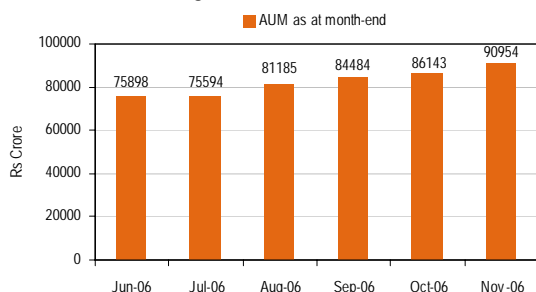
Net change in assets of Growth Funds



Note: Figure shows fund flows for 154 schemes.

Source: IDBI Capital Market Services

Assets under management of Growth Funds



Note: Figure shows assets for 154 schemes.

Source: IDBI Capital Market Services

	Nov. 30, '06	Oct. 31, '06
Equity Fund Indicators		
Growth Option:		
Point-to-Point Return	4.42	4.48
1 month over 1 year Rolling Return	2.88	2.77
Volatility	8.20	8.51
Equity Market Indicators		
BSE Sensex	5.09	4.82
S& P CNX Nifty	4.98	4.89

Note: All figures are absolute %.

Source: IDBI Capital Market Services

Fund Flows

The month of November saw the stock markets rally relentlessly. The benchmark indices scaled past previous lifetime highs to close at levels hitherto not breached. During the month, the BSE Sensex gained 5.09%, while the broader 50-stock S&P Nifty rose by 4.98%. Over the month, Diversified Equity Funds witnessed net inflows to the tune of Rs. 4,810 cr. As on November 30th 2006, the category AUM stood at Rs. 90,954 cr, accounting for about 36% of industry assets (with reference to our universe of schemes).

Top AUM gainers in November 2006

(Rs Cr)

	Net Inflow in Nov.	Corpus as on Nov. 30, '06
Sundaram BNP Paribas Select Midcap-Growth	241.99	1633.69
Reliance Growth - Growth	222.57	2750.91
HDFC Equity Fund - Growth	189.82	3877.19
Principal Resurgent India Equity Fund-Growth	172.45	394.82
SBI Magnum Global Fund 94 - Growth	131.70	838.52

Top AUM losers in November 2006

(Rs Cr)

	Net Outflow in Nov.	Corpus as on Nov. 30, '06
Sundaram BNP Paribas Rural India Fund-Gr.	-188.19	1023.97
Reliance Equity Fund - Growth	-164.13	5105.87
Templeton India Equity Income Fund - Growth	-100.53	1853.19
Prudential ICICI Discovery Fund - IP - Growth	-84.31	1174.18
SBI Magnum Bluechip Fund - Growth	-73.94	2363.37

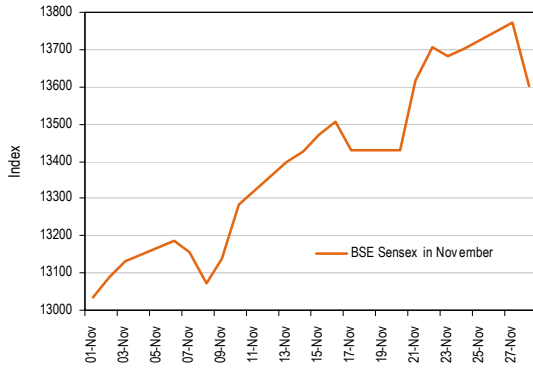
Returns Analysis

Over the month of November, Diversified Equity Funds generated an average absolute return of 4.42%, only 1bp lower than the comparable return for October. The 6-month absolute returns averaged at a whopping 23.55%, while the 1-month over 1-year rolling return clocked in at a meager 2.88%. The volatility of returns was noted at 8.20.

Portfolio Review

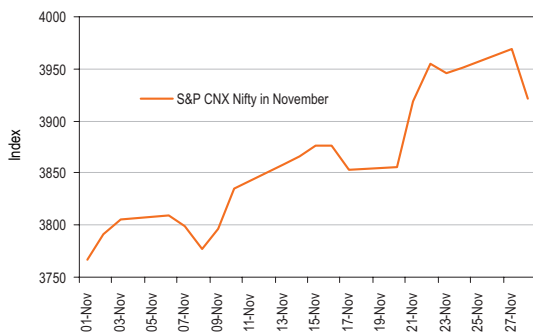
As at the end of November, the highest exposure of Diversified Equity Funds was to the "Diversified" scrips category at 12.46%. This was followed by IT-Software with an average exposure of 10.57%. In third and fourth places were Banks (9.06%) and Housing & Construction (7.58%) respectively. The other important sectors were Auto & Auto ancillaries, Electricals & Electrical Equipments, Engineering & Industrial Machinery, Telecom, Cement and Pharmaceuticals.

Over November, the BSE Sensex gained 5.09%



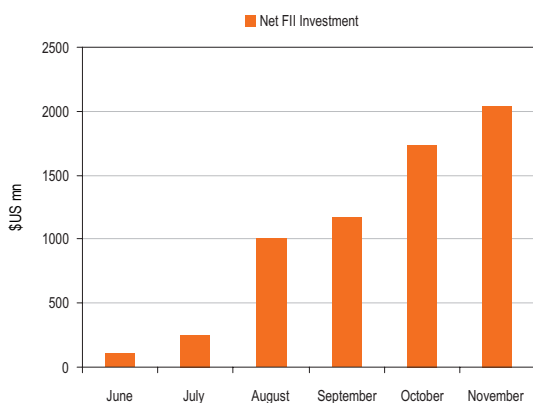
Source: IDBI Capital Market Services

The S&P Nifty rose 4.98%



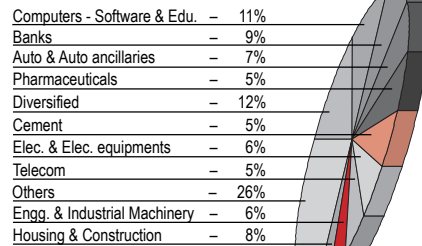
Source: IDBI Capital Market Services

Over November, net FII inflows exceeded \$2 bn

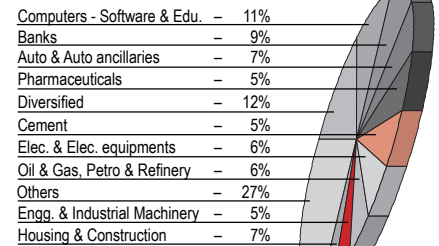


Source: IDBI Capital Market Services

Top 10 Sector Holdings in Nov. 2006



Top 10 Sector Holdings in Oct. 2006



Outlook

As at the beginning of December, the benchmark BSE Sensex has already scaled past the 14,000-mark in intra-day trades while the S&P Nifty is poised above the 4,000-level. Though the overall mood is buoyant, there are nevertheless both positive and negative thrusts to sentiment.

Among the positive factors, the India growth story continues to defy critics. The latest salvo has been the record high GDP growth of 9.2% (y-o-y) in Q2FY07. This level ranks highest in the post-liberalization era and is only the second highest ever recorded after the 10.8% growth seen in 1988-89 (which was however attributed to the massive base effect in agriculture that had bounced back after a severe drought in the previous fiscal). In addition, the IIP growth for the month of September, at 11.4%, continues the positive trend of the earlier months of FY07.

As is known, the equities story continues to be driven by the resounding FII thrust. During November, 20 new FIIs were granted registration by SEBI and the cumulative net investment of foreign funds into Indian equities stood at a whopping \$2,036.90 mn. There have been media reports of increased flow of funds into emerging markets, both on account of the potential uptick in these nascent markets as also due to the possible slowing down of the American economy. As matters stand today, despite the persistent hike in interest rates across the world, the overhang of global liquidity still remains, fuelling the more promising markets higher.

On the downside, though Indian equities hold tenacious promises, there are concerns on just how much steam is left in the select stocks that are leading the rally. Valuations have now become so stretched that some market participants are of the view that a further re-rating may not be possible. Furthermore, while the leading indices have long past scaled beyond levels witnessed prior to the May meltdown, the same cannot be said of the small and mid cap counters. Though there are indications that both Mutual Funds as well as FIIs are actively considering investments in these scrips, their potential as yet remains undiscovered.

The concentration of exposures is evident by the fact that while the BSE Bankex has escalated by 10.48% and BSE-IT by 5.95% in November, some other promising indices like BSE Auto and BSE Metal have actually declined by 0.68% and 2.53% respectively. Furthermore, traded volumes are still languishing at levels far lower than the pre-May scenario.

In the ultimate analysis, we feel the markets are headed for consolidation over the medium term. However, with a longer perspective, we continue to advocate that equities will yield returns higher than any other asset class. We advise investors to hold well-researched equity investments over an extended horizon.

Schemes Watch

- DSP ML Opportunities Fund - Growth
- Franklin India Prima Plus - Growth
- HDFC Equity Fund - Growth
- SBI Magnum Global Fund 94 - Growth
- Prudential ICICI Infrastructure Fund - Growth

ELSS – Tax Saving Schemes**December Outlook
Positive**

No. of schemes studied	26	November Return	4.24%
		November AUM*	Rs 6,663cr

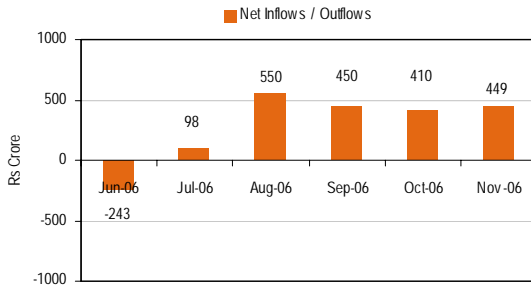
* For the schemes studied below

Growth Option – Scheme-wise Returns and Volatility

Scheme Name	November absolute Returns (%)	October absolute Returns (%)	3-month absolute Returns (%)	6-month absolute Returns (%)	1-mth over 1-yr Rolling Returns (%)	1-mth over 1-yr volatility of returns
Quartile I						
SBI Magnum Tax Gain Scheme 93	7.87	6.07	21.58	32.38	3.53	7.86
PRINCIPAL Tax Savings Fund	7.29	7.45	23.27	22.93	3.98	9.32
Chola Tax saver Fund - Growth	6.38	4.49	19.28	26.81	2.46	7.61
ABN AMRO Tax Advantage Plan - Growth	6.26	6.25	20.71	18.84	2.53	11.12
Canequity Tax saver	6.16	8.73	22.71	26.55	2.69	8.45
Sundaram Tax saver - Growth	5.82	5.90	19.65	20.65	3.43	9.33
Kotak Tax saver - Growth	5.59	6.69	20.55	17.78	2.63	9.72
Quartile II						
Principal Personal Tax saver	5.38	9.34	23.55	19.66	3.64	9.69
Escorts Tax Plan - Growth	5.15	3.41	15.94	21.35	3.34	7.76
ING Vysya Tax Saving Fund - Growth	5.06	4.10	20.45	18.58	3.19	9.80
Fidelity Tax Advantage Fund - Growth	5.01	3.34	15.11	27.93	1.89	8.66
Franklin India Index Tax Fund	4.84	4.20	14.82	33.00	3.56	7.22
BOB Equity Linked Saving Scheme 96	4.45	4.99	13.43	25.14	2.20	8.39
Quartile III						
DWS Tax Saving Fund - Growth	4.43	4.01	16.02	15.04	-0.19	9.70
HDFC Tax saver - Growth	4.16	6.24	16.14	25.95	3.11	8.67
UTI Equity Tax Savings Plan - Growth	3.91	4.70	15.15	20.46	2.33	7.97
LIC Tax Plan - Growth	3.18	4.82	13.66	21.48	2.55	8.73
Sahara Taxgain - Growth	3.18	3.66	12.42	15.89	2.45	8.25
Reliance Tax Saver Fund - Growth	3.16	6.59	18.17	21.96	2.64	9.24
Quartile IV						
Tata Tax Saving Fund	3.07	4.57	11.97	15.07	2.55	9.30
Birla Equity Plan- Growth	2.74	5.00	18.37	25.08	3.38	8.61
Taurus Libra Taxshield	2.61	2.86	8.93	7.44	0.12	9.77
Birla SunLife Capital Tax Relief 96	2.51	6.74	21.42	26.54	3.78	8.69
Franklin India Taxshield - Growth	1.83	3.94	12.02	19.63	3.00	7.58
HDFC Long Term Advantage Fund - Growth	0.96	3.50	11.42	16.58	2.52	7.05
Prudential ICICI Taxplan - Growth	-0.85	1.15	5.72	11.94	3.02	10.37
Average	4.24	5.11	16.63	21.33	2.71	8.80

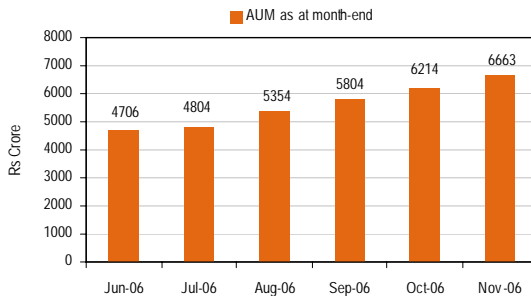
Note: All figures are absolute.
Schemes have been divided into quartiles in descending order of November absolute returns.

Net change in assets of ELSS Funds



Note: Figure shows fund flows for 26 schemes.
Source: IDBI Capital Market Services

Assets under management of ELSS Funds



Note: Figure shows assets for 26 schemes.
Source: IDBI Capital Market Services

Fund Flows

The ELSS category will almost certainly witness enhanced inflows as the fiscal year draws to a close. This is primarily on account of the tax benefits inherent in ELSS investments. During November, ELSS Funds witnessed net inflows to the tune of Rs. 449 cr. The category AUM as on November 30th 2006 stood at Rs. 6,663 cr, representative of 2.7% of industry assets (with reference to our universe of schemes).

Returns Analysis

Over the month of November, ELSS Funds generated an average absolute return of 4.24%, somewhat lower than the October return of 5.11%. The 6-month absolute returns were noted at 21.33%. The 1-month over 1-year rolling return clocked in at 2.71%, while the volatility of returns was registered at 8.80.

Portfolio Review

As at the end of November, the highest allocation of ELSS Funds was to the "Diversified" category of scrips at 12.24%. In second place stood IT-Software with 10.24% average exposure. This was followed by Auto & Auto ancillaries with an average allocation of 8.37%, while in fourth place stood Banks with 7.07% share of net assets. The other important sectors were Hospital & Medical Equipments, Engineering & Industrial Machinery, Housing & Construction, Electricals & Electrical Equipments, Finance and Pharmaceuticals.

Outlook

The prospects for ELSS Funds are obviously dependent on the performance of the underlying Equity Markets. However, since these funds have a lock-in period of 3 years, they provide the Fund Manager flexibility to focus on long-term value creating opportunities instead of being unduly concerned over short-term redemption pressures. This should ideally translate into higher returns for investors. We feel the close of the financial year will augur well for inflows into tax-saving schemes, and ELSS Funds would be aptly placed to benefit from the trend.

Schemes Watch

- HDFC Tax saver - Growth
- SBI Magnum Tax Gain Scheme 93
- Sundaram BNP Paribas Tax saver - Growth

Nov. 30, '06 Oct. 31, '06

ELSS Fund Indicators

Growth Option:

Point-to-Point Return	4.24	5.11
1 month over 1 year Rolling Return	2.71	2.48
Volatility	8.80	9.04

Equity Market Indicators

BSE Sensex	5.09	4.82
S& P CNX Nifty	4.98	4.89

Note: All figures are absolute %.
Source: IDBI Capital Market Services

**Balanced Funds – invest in Debt & Equity
in 60:40 or 40:60 ratio**
December Outlook
Equity-oriented Funds: Neutral
Debt-oriented Funds: Negative

	Equity-oriented	Debt-oriented		Equity-oriented	Debt-oriented
No. of schemes studied	20	7	November Return	2.47%	2.52%
			November AUM*	Rs 5,683cr	Rs 355cr

* For the schemes studied below

Balanced Funds (Equity-oriented): Growth Option – Scheme-wise Returns and Volatility

Scheme Name	November absolute Returns (%)	October absolute Returns (%)	3-month absolute Returns (%)	6-month absolute Returns (%)	1-mth over 1-yr Rolling Returns (%)	1-mth over 1-yr volatility of returns
Quartile I						
JM Balanced - Growth	6.50	3.27	16.18	23.26	3.18	6.21
SBI Magnum Balanced Fund - Growth	6.18	4.11	15.45	20.86	2.73	6.17
Tata Balanced Fund - Growth	4.69	4.36	14.33	18.86	2.90	6.64
LIC Balanced - Plan C (Growth)	4.19	2.53	11.78	22.15	2.52	6.32
HDFC Prudence Fund - Growth	3.49	3.49	13.92	25.80	2.74	4.99
DSP ML Balanced Fund - Growth	3.28	3.78	11.80	21.47	2.85	5.72
Quartile II						
Sundaram Balanced Fund - Growth	2.98	4.73	11.66	15.73	2.45	5.91
Escorts Balanced Fund - Growth	2.95	2.81	10.77	16.67	2.61	5.60
FT India Balanced Fund - Growth	2.77	4.81	12.83	23.50	2.79	5.95
Birla Balance Fund - Growth	2.56	3.66	13.27	22.99	2.40	5.05
ING Vysya Balanced Fund - Growth	2.10	3.43	10.58	13.52	1.82	6.34
Quartile III						
Prudential ICICI Balanced - Growth	1.99	3.99	10.60	17.84	2.53	5.76
Kotak Balance - Growth	1.96	2.90	8.58	11.37	2.76	6.12
Birla SunLife 95 - Growth	1.87	4.48	15.97	19.73	2.60	5.66
HDFC Balanced Fund - Growth	1.76	5.17	11.34	22.00	2.46	5.35
HDFC Childrens Gift Fund - Investment Plan	1.59	2.46	7.87	15.77	1.42	5.47
Quartile IV						
PRINCIPAL Balanced Fund - Growth	1.30	3.23	9.33	10.78	2.17	6.32
Can Balanced II	0.38	1.59	4.92	12.81	3.28	5.97
UTI Balanced Fund - Growth	0.33	3.35	9.67	17.56	2.33	5.46
BOB Balance Fund - Growth	-3.49	4.06	1.38	7.96	1.76	7.28
Average	2.47	3.61	11.11	18.03	2.52	5.91

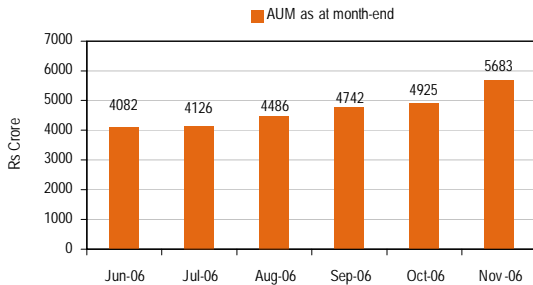
Note: All figures are absolute.
Schemes have been divided into quartiles in descending order of November absolute returns.

Balanced Funds (Debt-oriented): Growth Option – Scheme-wise Returns and Volatility

Scheme Name	November absolute Returns (%)	October absolute Returns (%)	3-month absolute Returns (%)	6-month absolute Returns (%)	1-mth over 1-yr Rolling Returns (%)	1-mth over 1-yr volatility of returns
Can Balanced - Growth Plan	4.31	2.31	10.20	12.88	1.62	5.68
Franklin India Balanced Fund - Growth	2.77	4.80	12.81	23.48	2.79	5.95
Tata Young Citizens Fund	3.37	3.38	9.91	12.83	1.95	4.39
Templeton India Children Asset Education Plan	1.90	1.85	5.22	8.25	1.09	1.52
Templeton India Children Asset Gift Plan - Growth	2.22	5.57	11.85	21.34	2.56	5.08
Templeton India Pension Plan - Growth	2.58	3.37	8.85	14.63	1.56	3.29
Unit Scheme 2002 - Growth	0.51	1.78	5.90	11.73	2.01	5.28
Average	2.52	3.29	9.25	15.02	1.94	4.45

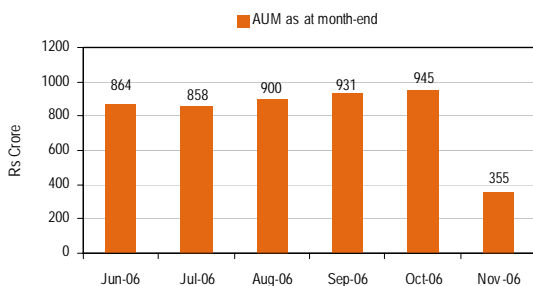
Note: All figures are absolute.

AUM of Equity-oriented Balanced Funds



Note: Figure shows assets for 20 schemes
Source: IDBI Capital Market Services

AUM of Debt-oriented Balanced Funds



Note: Figure shows assets for 7 schemes
Source: IDBI Capital Market Services

	Nov. 30, '06	Oct. 31, '06
Equity-oriented Balanced Funds		
Growth Option:		
Point-to-Point Return	2.47	3.61
1 month over 1 year Rolling Return	2.52	2.47
Volatility	5.91	6.07
Debt-oriented Balanced Funds		
Growth Option:		
Point-to-Point Return	2.52	3.29
1 month over 1 year Rolling Return	1.94	1.83
Volatility	4.45	4.52
Equity Market Indicators		
BSE Sensex	5.09	4.82
S& P CNX Nifty	4.98	4.89
G-sec Market Indicators		
1 yr g-sec yield	6.93	7.00
3 yr g sec yield	7.19	7.22
5 yr g sec yield	7.31	7.47
Corporate Bond Market Indicators		
5 yr AAA spreads	113bps	92bps

Note: All figures are annualised %.

Fund Flows

Over the month of November, Equity-oriented Balanced Funds witnessed net incremental AUM to the tune of Rs. 758 cr, while Debt-oriented Balanced Funds saw erosion of AUM amounting to Rs. 590 cr. Their category AUMs as at the end of November stood at Rs. 5,683 cr and Rs. 355 cr, accounting for 2.3% and 0.1% of industry assets respectively (with reference to our universe of schemes).

Returns Analysis

In case of Equity-oriented Balanced Funds, the November average absolute returns were noted at a low of 2.47%, slightly lesser than the comparable October figure of 3.61%. The 6-month absolute returns clocked in at 18.03%, while the rolling returns averaged at 2.52%. The volatility of returns, as noted by the Standard Deviation, stood at 5.91.

During November, Debt-oriented Balanced Funds, on the other hand, generated an average absolute return of 2.52%, marginally higher than the comparable return of their Equity-oriented counterparts. The 6-month absolute returns averaged at 15.02%, while rolling returns were noted at a low of 1.94%. The volatility of returns was seen at 4.45.

Portfolio Review

Between October and November, Equity-oriented Balanced Funds maintained around 69% average exposure to equities. The average allocation to Bonds declined from 16.33% to 13.33% between the two months, while the average exposure to the CP / CD segment increased from 10.61% in October to 14.02% in November.

In case of Debt-oriented Balanced Funds, the average exposure to equities fell from 51.43% seen at the end of October to 48.48% as at the end of November. The average allocation to Bonds increased from 27.80% to 32.47% between the two months, while the percentage of net assets invested in G-secs diminished from 9.73% in October to 3.84% in November.

Outlook

The performance of Balanced Funds largely depends on the fortunes of the underlying Debt and Equity Markets. These aspects have been discussed at length in other sections of this report.

The near-term outlook for equities remains tentative. The Sensex has run up to stratospheric levels and valuations are clearly stretched. However, the strong fundamentals of the economy and resilient corporate earnings have sustained momentum even at these levels. Currently, though the action is restricted to select heavy-weights and specific sectors, media reports have asserted that FIIs are now turning attention to the small and mid cap counters on the optimistic projections of investing in tomorrow's large caps.

On the Debt Markets front, the situation remains nervous. A correction seems imminent in the gilts market, which will potentially send yields scaling higher. Inflation continues to be an area of concern. Growth in money supply is far ahead of the RBI's projections. Liquidity may be under pressure on account of advance tax payments for the third quarter. We remain bearish on Debt Market investments.

Schemes Watch

Equity-oriented Balanced Funds

- HDFC Prudence Fund - Growth
- SBI Magnum Balanced Fund - Growth
- Tata Balanced Fund - Growth

Debt-oriented Balanced Funds

We currently advise investors against taking fresh exposures to this category.

Liquid Funds – invest in ultra short-term debt / money market instruments

December Outlook
Positive

No. of schemes studied	56	November Return	7.02%
Avg Maturity (on November 30)	93 days	November AUM*	Rs 114,278cr

* For the schemes studied below

Growth Option – Scheme-wise Returns and Volatility

Scheme Name	November Annualised Returns (%)	October Annualised Returns (%)	3 Month Annualised Returns (%)	6 Month Annualised Returns (%)	Nov. Rolling Returns (%)	Nov. Volatility	Nov. Sharpe Ratio *
Quartile I							
LIC MF Liquid Fund - Growth	7.46	7.38	7.35	7.08	7.44	0.08	47.12
UTI Liquid Fund - Cash Plan - Institutional - Growth	7.34	7.28	7.25	6.98	7.34	0.07	56.84
HDFC Cash Mgmt. Fund - Savings Plus Plan - Growth	7.33	7.23	7.18	6.98	7.27	0.07	52.33
DSP Merrill Lynch Liquid Plus Fund - Insti. Plan - Growth	7.31	7.10	7.20	N.A	7.27	0.04	91.37
TATA Liquidity Management Fund - Growth	7.27	7.12	7.15	6.93	7.24	0.04	100.39
Kotak Liquid - Institutional Plan - Growth	7.25	7.06	7.10	6.90	6.75	0.05	62.90
Standard Chartered Liquidity Manager Plus Fund - Growth	7.24	7.13	7.12	6.91	7.21	0.05	74.78
ABN AMRO Cash Fund - Institutional Plan - Growth	7.23	7.10	6.99	6.56	7.06	0.10	35.38
Birla Cash Plus - Institutional Premium Plan - Growth	7.22	7.11	7.13	6.93	7.19	0.07	55.12
Prudential ICICI Liquid - Super Institutional Plan - Growth	7.22	7.06	7.08	6.91	7.21	0.07	55.56
Quartile II							
Reliance Liquidity Fund - Growth	7.22	7.08	7.11	6.92	7.20	0.04	91.47
Lotus India Liquid Fund - Institutional Plus- Growth	7.22	N.A	N.A	N.A	7.21	0.03	132.48
Tata Liquid Fund - Super High Investment Plan - Growth	7.22	7.11	7.10	6.90	7.19	0.06	63.59
ING Vysya Liquid Fund - Super Institutional Plan - Growth	7.21	7.10	7.10	6.92	7.18	0.07	49.25
Birla SunLife Cash Manager - Institutional Plan - Growth	7.21	7.26	7.14	6.79	7.17	0.07	53.13
HDFC Cash Management Fund - Savings Plan - Growth	7.20	7.08	7.08	6.88	7.16	0.06	62.79
PRINCIPAL Cash Mgmt Fund Liquid Option-Instt Plan-Gr.	7.19	7.02	7.07	6.88	6.90	0.09	38.61
Templeton India Treasury Mgmt Account - Super IP - Gr.	7.19	7.05	7.07	6.90	7.16	0.07	55.95
DBS Chola Liquid Fund - Super IP - Growth	7.18	N.A	N.A	N.A	7.13	0.06	57.37
DBS Chola Liquid Fund - Institutional Plus - Growth	7.16	7.04	7.04	6.83	7.13	0.03	106.01
Sundaram BNP Paribas Money Fund-Super Insti. Plan-Gr.	7.16	7.16	7.12	6.90	7.16	0.02	154.24
Quartile III							
Sahara Liquid Fund - Variable Pricing Option - Growth	7.16	6.90	6.86	6.38	7.18	0.10	35.52
HDFC Liquid Fund - Premium Plus Plan - Growth	7.16	7.05	7.04	6.85	7.13	0.07	54.32
HDFC Liquid Fund - Premium Plan - Growth	7.16	7.04	7.05	6.83	7.13	0.08	47.45
Lotus India Liquid Fund - Institutional - Growth	7.15	N.A	N.A	N.A	7.11	0.03	128.76
HDFC Cash Management Fund - Call Plan - Growth	7.12	7.17	6.96	6.49	7.15	0.21	17.20
ABN AMRO Cash Fund - Institutional Plus Plan - Growth	7.08	7.05	6.89	6.44	7.20	0.11	34.69
ING Vysya Liquid Fund - Institutional Plan - Growth	7.07	6.96	6.96	6.78	7.04	0.07	47.89
HSBC Cash Fund - Institutional Plus - Growth	7.06	7.01	7.00	6.84	7.04	0.06	60.45
Quartile IV							
DWS Insta Cash Plus Fund - IP - Growth	7.04	6.85	6.93	6.81	7.02	0.22	16.29
Reliance Liquid Fund-Treasury Plan-Insti. Option-Growth	7.03	6.87	6.90	6.58	7.01	0.07	51.53
Tata Liquid Fund - High Investment Plan - Growth	7.03	6.94	6.96	6.76	7.00	0.11	31.04
Prudential ICICI Liquid - Institutional Plus - Growth	7.02	6.91	6.92	6.78	7.01	0.07	53.29
Templeton India Treasury Mgmt Account - IP - Growth	7.01	6.85	6.88	6.70	6.98	0.07	48.50
SBI Magnum Insti. Income Fund - Savings Plan - Growth	7.01	6.88	6.90	6.74	6.98	0.09	40.70
Sahara Liquid Fund - Fixed Pricing Option - Growth	7.00	6.69	6.66	6.13	7.01	0.10	35.97
DSP Merrill Lynch Liquid Plus Fund - Growth	6.99	6.81	6.89	N.A	6.96	0.04	85.71
Prudential ICICI Liquid - Institutional Plan - Growth	6.97	6.86	6.87	6.73	6.96	0.07	51.20
Birla Cash Plus - Institutional Plan - Growth	6.96	6.86	6.88	6.70	6.93	0.06	53.78
JM High Liquidity - Institutional Plan - Growth	6.96	7.02	6.95	6.64	6.96	0.11	31.47
DSP Merrill Lynch Liquidity Fund Insti. Plan - Growth	6.95	6.90	6.90	6.69	6.95	0.03	115.66
Average	7.02	6.93	6.91	6.67	7.00	0.09	56.48

* Sharpe Ratio = $\frac{\text{November Rolling Return \%} - \text{Risk free rate}}{\text{November Volatility}}$

Risk free rate = 7 to 14 Days Term Deposit Rate

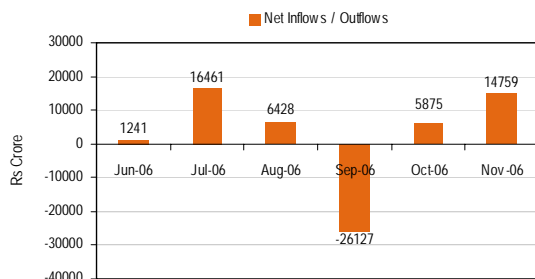
Note: All figures are annualised.

Schemes have been divided into quartiles in descending order of November annualised returns.

Portfolio details as on November 30, 2006

Scheme Name	Bonds (%)	CP/CD/MM (%)	FRB (%)	Cash/Call (%)	Fixed Deposits (%)	AA (%)	AAA (%)	Sovereign	Fund Size (Rs Cr)	Average Maturity (days)
ABN AMRO Cash Fund - Insti Plus Plan - Growth	43.26	37.56	N.A	0.62	14.23	2.69	77.07	1.97	1191.06	90
ABN AMRO Cash Fund - IP - Growth	43.26	37.56	N.A	0.62	14.23	2.69	77.07	1.97	1191.06	90
Birla Cash Plus - I P - Growth	9.51	42.48	17.73	30.29	N.A	2.04	91.59	0.37	8170.28	80
Birla Cash Plus - Institutional Premium Plan - Growth	9.51	42.48	17.73	30.29	N.A	2.04	91.59	0.37	8170.28	80
Birla SunLife Cash Manager - I P - Growth	6.18	65.60	4.74	23.48	N.A	--	92.73	--	210.92	146
BOB Liquid Fund - Growth	N.A	N.A	N.A	N.A	N.A	--	--	--	61.14	N.A.
Canliquid Institutional Plan - Growth	18.36	31.33	11.15	N.A	39.17	10.10	39.00	--	1085.13	77
DBS Chola Liquid Fund - Institutional Plus - Growth	7.13	70.73	14.75	2.72	4.67	2.68	88.55	--	856.59	N.A.
DBS Chola Liquid Fund - Super IP - Growth	7.13	70.73	14.75	2.72	4.67	2.68	88.55	--	856.59	N.A.
DSP ML Liquid Plus Fund - Growth	2.17	83.28	3.41	5.05	6.08	0.58	86.84	--	3451.49	N.A.
DSP ML Liquid Plus Fund - IP - Growth	2.17	83.28	3.41	5.05	6.08	0.58	86.84	--	3451.49	N.A.
DSP ML Liquidity Fund - IP - Growth	2.67	46.72	20.62	21.20	8.81	11.52	60.20	0.70	3520.24	N.A.
DWS Insta Cash Plus Fund - IP - Growth	53.48	16.84	N.A	29.69	N.A	11.30	77.77	--	1194.55	153
Grindlays Cash Fund - Plan B - IP - Growth	6.89	51.08	28.19	2.55	11.29	5.91	74.30	--	575.57	76
Grindlays Cash Fund - Plan C - Super I P - Growth	6.89	51.08	28.19	2.55	11.29	5.91	74.30	--	575.57	76
HDFC Cash Mgmt Fund - Call Plan - Growth	32.68	1.57	N.A	42.96	8.17	8.17	27.43	--	61.19	55
HDFC Cash Mgmt Fund - Savings Plan - Growth	31.26	51.00	N.A	-2.97	8.74	3.92	66.24	--	4807.75	117
HDFC Cash Mgmt Fund - Savings Plus - Growth	37.80	25.47	N.A	23.86	12.87	9.61	72.57	--	1165.28	199
HDFC Liquid Fund - Premium Plan - Growth	49.43	42.65	N.A	-3.78	9.39	6.27	69.65	--	2450.59	113
HDFC Liquid Fund - Premium Plus Plan - Growth	49.43	42.65	N.A	-3.78	9.39	6.27	69.65	--	2450.59	113
HSBC Cash Fund - I P - Growth	15.02	40.66	25.80	8.85	5.81	12.80	63.52	--	2580.38	73
HSBC Cash Fund - Institutional Plus - Growth	15.02	40.66	25.80	8.85	5.81	12.80	63.52	--	2580.38	73
ING Vysya Liquid Fund - IP - Growth	29.27	70.73	N.A	N.A	N.A	4.27	77.18	--	2401.51	N.A.
ING Vysya Liquid Fund - Super IP - Growth	29.27	70.73	N.A	N.A	N.A	4.27	77.18	--	2401.51	N.A.
JM High Liquidity - I P - Growth	5.72	78.44	14.70	N.A	1.13	1.30	40.80	0.28	1768.39	41
JM High Liquidity - Super I P - Growth	5.72	78.44	14.70	N.A	1.13	1.30	40.80	0.28	1768.39	41
Kotak Liquid - Inst Premium Plan - Growth	54.60	21.37	N.A	2.26	21.33	2.42	66.63	0.44	5528.20	117
Kotak Liquid - IP - Growth	54.60	21.37	N.A	2.26	21.33	2.42	66.63	0.44	5528.20	117
LIC MF Liquid Fund - Growth	62.85	4.89	N.A	16.43	15.83	13.56	61.92	--	11537.56	123
Lotus India Liquid Fund - IP - Growth	N.A	N.A	N.A	N.A	N.A	--	--	--	--	N.A.
Lotus India Liquid Fund - IP Plus - Growth	N.A	N.A	N.A	N.A	N.A	--	--	--	--	N.A.
PRINCIPAL Cash Mgmt Fund LO- I P - Growth	22.28	45.44	7.19	19.77	5.32	3.55	93.70	--	5841.74	97
PRINCIPAL Cash Mgmt Fund LO-Inst Prem. Plan-Growth	22.28	45.44	7.19	19.77	5.32	3.55	93.70	--	5841.74	97
Prudential ICICI Liquid - I P - Growth	18.88	4.28	N.A	22.11	51.66	1.10	42.80	0.34	14571.67	35
Prudential ICICI Liquid - Inst Plus - Growth	18.88	4.28	N.A	22.11	51.66	1.10	42.80	0.34	14571.67	35
Prudential ICICI Liquid - Super IP - Growth	18.88	4.28	N.A	22.11	51.66	1.10	42.80	0.34	14571.67	35
Prudential ICICI Sweep Plan - Cash Option - Growth	8.84	3.45	N.A	52.31	35.41	--	55.75	--	158.43	5
Quantum Liquid Fund - Growth	N.A	N.A	N.A	N.A	N.A	--	--	--	25.93	N.A.
Reliance Liquid Fund - Cash Plan - Growth	N.A	N.A	N.A	100.00	N.A	--	100.00	--	207.72	1
Reliance Liquid Fund - TP - IP - Growth	17.53	49.56	23.20	9.70	N.A	3.15	91.48	--	1860.69	175
Reliance Liquidity Fund - Growth	22.79	47.55	19.08	10.58	N.A	5.33	91.01	--	5720.37	157
Sahara Liquid Fund - Fixed Pricing Option - Growth	34.47	44.94	15.90	1.23	3.46	--	84.40	--	144.62	116
Sahara Liquid Fund - VP - Growth	34.47	44.94	15.90	1.23	3.46	--	84.40	--	144.62	116
SBI Magnum Insta Cash - Cash Plan	20.09	69.82	N.A	5.22	4.84	7.50	76.25	--	206.63	131
SBI Magnum Institutional Income - Savings Plan-Growth	26.98	55.93	N.A	8.96	8.15	8.42	80.30	--	3031.80	99
Standard Chartered Liquidity Manager Fund -Growth	3.77	95.51	N.A	0.71	N.A	3.77	3.00	--	109.20	3
Standard Chartered Liquidity Manager Fund Plus-Growth	4.75	72.35	7.40	0.39	13.58	1.31	78.48	0.46	6479.16	76
Sundaram BNP Paribas Money Fund - IP - Growth	11.81	83.12	N.A	1.44	3.63	2.64	87.07	--	1381.36	128
Sundaram BNP Paribas Money Fund - Super IP-Growth	11.81	83.12	N.A	1.44	3.63	2.64	87.07	--	1381.36	128
Tata Liquid Fund - HIP - Growth	84.02	N.A	N.A	15.98	N.A	2.19	93.62	--	4707.91	106
Tata Liquid Fund - SHIP - Growth	84.02	N.A	N.A	15.98	N.A	2.19	93.62	--	4707.91	106
TATA Liquidity Management Fund - Growth	80.47	N.A	N.A	19.53	N.A	1.39	89.45	--	503.93	123
Templeton India TMA - IP - Growth	23.58	76.14	0.79	-6.57	6.06	1.52	90.60	--	3778.07	124
Templeton India TMA - Super IP - Growth	23.58	76.14	0.79	-6.57	6.06	1.52	90.60	--	3778.07	124
UTI Liquid Fund - Cash Plan - IP - Growth	10.23	28.63	7.60	25.51	28.04	0.59	70.59	--	12817.28	64
UTI Money Market - Growth	9.69	48.04	8.80	33.47	N.A	8.80	91.20	--	113.66	76
Average	25.60	48.01	13.83	13.79	13.77	4.54	73.56	0.64	3486.09	93

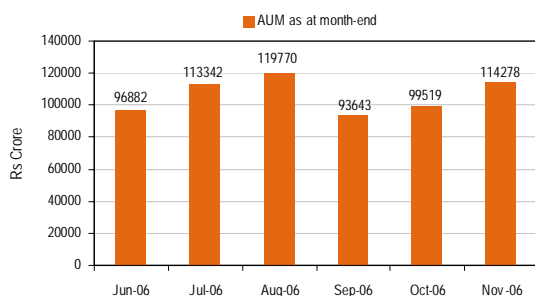
Net change in assets of Liquid Funds



Note: Figure shows fund flows for 56 schemes

Source: IDBI Capital Market Services

Assets under management of Liquid Funds



Note: Figure shows assets for 56 schemes

Source: IDBI Capital Market Services

Nov. 30, '06 Oct. 31, '06

Liquid Fund Indicators

Growth Option:

Point-to-Point Return	7.02	6.93
7-days over 1 month Rolling Return	7.00	6.91
Volatility	0.09	0.11

Money Market Indicators

Mibor month Average	6.17-7.19	6.45-7.20
Call rate range	6.00-6.20	6.70-6.90
Repo-rate range	6.00-6.15	6.40-6.60
90-day CP yield range	7.50-7.75	7.20-7.60

Note: All figures are annualised %.

Fund Flows

During November, Liquid Funds benefited from the uncertain sentiment in both Debt as well as Equity Markets. Apprehending a correction, a large quantum of funds pending deployment in equities was possibly parked in Liquid schemes. Also, Debt Markets have been on tenuous ground for sometime, and as such, several investors may have sought the security of Liquids. In the previous month, this category witnessed inflows to the tune of Rs. 14,759 cr. As at the end of November, the category AUM stood at Rs. 1,14,278 cr, accounting for 46% of industry assets (with reference to our universe of schemes).

Top AUM gainers in November 2006

(Rs Cr)

	Net Inflow in Nov.	Corpus as on Nov. 30, '06
UTI Liquid Fund - Cash Plan - IP - Growth	3301.31	12817.28
LIC MF Liquid Fund - Growth	3123.35	11537.56
Kotak Liquid - Inst Premium Plan - Growth	1673.93	5528.20
Prudential ICICI Liquid - Super IP - Growth	1661.28	14571.67
Reliance Liquidity Fund - Growth	1271.25	5720.37

Top AUM losers in November 2006

(Rs Cr)

	Net Outflow in Nov.	Corpus as on Nov. 30, '06
Templeton India TMA - Super IP - Growth	-575.71	3778.07
Sundaram BNP Paribas Money Fund-Super IP-Gr.	-321.52	1381.36
SBI Magnum Institutional Income-Savings Plan-Gr.	-317.33	3031.80
HSBC Cash Fund - Institutional Plus - Growth	-247.81	2580.38
Canliquid Institutional Plan - Growth	-225.56	1085.13

Returns Analysis

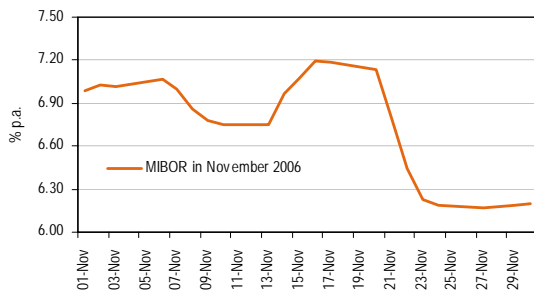
Liquidity was somewhat constrained at the beginning of the month, but increased visibly towards the latter part with higher deployment in the LAF reverse repo facility. Call rates, which had been rather elevated at the start, eased substantially as the month progressed. Over November, call transactions were dealt in a wide range of 6.00% - 7.10%.

During the month, Liquid Funds generated an average annualized return of 7.02%, marginally higher than the return of 6.93% seen in October. The 6-month annualized returns clocked in at 6.67%. November rolling returns were seen at 7% and the volatility of returns stood at a low of 0.09. November Sharpe Ratio for the category was appreciably high at 56.48.

Portfolio Review

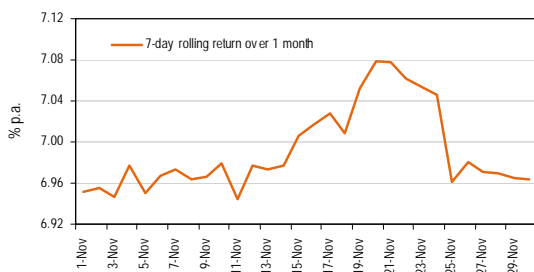
As at the end of November, Liquid Funds had an average exposure of 25.60% to Bonds and 48% to the CP / CD segment, broadly maintaining the levels seen at the end of October. The average allocation to FRBs was marginally lower at 13.83% as compared to the October figure of 15.81%. The percentage of net assets invested in the overnight markets, at 13.79%, stood only slightly higher than the allocation of 12.06% seen in the previous month. The share of Fixed Deposits declined from 16.76% to 13.77% between the two months. The average credit quality of the portfolios maintained the level seen in the previous month with around 73.56% allocation to AAA rated paper. The average maturity declined significantly from 109 days to 93 days between October and November.

The NSE Mibor maintained a downward bias in the second fortnight of November amidst easing liquidity



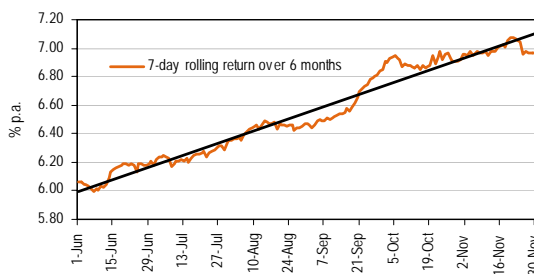
Source: IDBI Capital Market Services

7 day rolling returns over 1 month for Liquid Funds



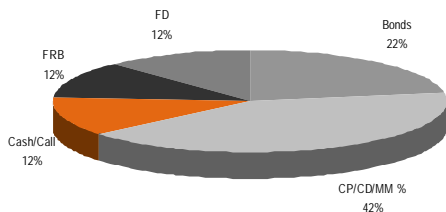
Source: IDBI Capital Market Services

6-month rolling return average shows an upward trend



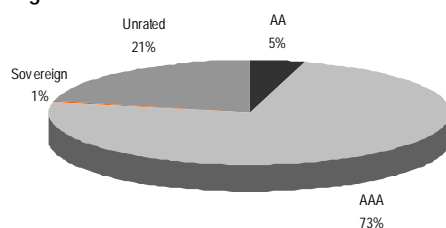
Source: IDBI Capital Market Services

Asset Allocation as on 30 November 2006



Source: IDBI Capital Market Services

Rating Profile as on 30 November 2006



Source: IDBI Capital Market Services

Asset allocation	CP / CD	FRB	Bonds	Cash/Call
November 30	48.01	13.83	25.60	13.79
October 31	49.20	15.81	26.32	12.06

Note: Figures are as a % of net assets
Source: IDBI Capital Market Services

Rating Profile	Sovereign	AAA/P1+	AA/P1-
November 30	0.64	73.56	4.54
October 31	0.61	73.63	5.05

Note: Figures are as a % of net assets.
Source: IDBI Capital Market Services

Outlook

As mentioned earlier, liquidity became more relaxed towards the latter part of the month. The situation may have been abetted by the buoyant FII inflows into equities. Another reason may have been the RBI's suspected intervention in forex markets. According to media reports, several state-run banks were seen buying dollars from the market and infusing rupee liquidity in order to cap the currency's appreciation. Over the month, the INR had started climbing higher in the wake of the large net FII investments (in excess of \$2 billion) and the depreciation of the USD against major currencies (which propped up the rupee as a bye-product of cross-currency dynamics). The forex reserves of the RBI augmented by about \$5.5 billion over November and were noted at \$172.8 billion as on November 24th. (It may however be mentioned that some increase may also be attributed to valuation gains).

Going forward, though there are T-bill and G-sec auctions scheduled for December, these are not likely to impact liquidity in a major way. However, the month will also witness outflows amounting to approximately Rs. 25,000 cr through advance tax payments for the third quarter. This may strain liquidity to some extent. Furthermore, State Government balances with the RBI, as locked in 14-day intermediate T-bills are also very high at Rs. 40,564 cr (as on November 24th). Call rates are anticipated to broadly remain in the range of 6.10% - 6.30%, but may escalate towards the latter half of December.

Schemes Watch

- DSP Merrill Lynch Liquid Plus Fund - Institutional Plan - Growth
- Tata Liquidity Management Fund - Growth
- UTI Liquid Fund - Cash Plan - Institutional - Growth

Floating Rate Funds – invest in floating rate / money market instruments

December Outlook
ST Floating Rate Funds: Positive
LT Floating Rate Funds: Neutral

	ST Floaters	LT Floaters		ST Floaters	LT Floaters
No. of schemes studied	29	18	November Return	6.97%	7.06%
Avg Maturity (on Nov. 30)	135 days	327 days	November AUM*	Rs 11,728cr	Rs 3,342cr

* For the schemes studied below

ST Floaters: Growth Option – Scheme-wise Returns and Volatility

Scheme Name	November Annualised Returns (%)	October Annualised Returns (%)	3 Month Annualised Returns (%)	6 Month Annualised Returns (%)	Nov. Rolling Returns (%)	Nov. Volatility	Nov. Sharpe Ratio *
Quartile I							
LIC MF Floating Rate Fund - ST - Growth	7.90	7.44	7.55	6.68	7.37	0.08	27.06
DBS Chola Short Term - FRF - Cumulative	7.45	7.13	7.21	6.89	7.07	0.15	11.83
Kotak Floater - ST - Growth	7.39	7.02	7.10	6.76	6.97	0.03	57.09
Tata FRF - ST - IP - Growth	7.22	7.11	7.13	6.93	7.18	0.07	26.61
Reliance FRF - Growth	7.22	7.14	7.14	6.88	7.06	0.09	19.93
Quartile II							
PRINCIPAL Floating Rate Fund - SMP - IP - Growth	7.21	7.02	7.09	7.17	7.88	0.45	5.89
HDFC F R I F - STF - Growth	7.12	7.06	7.03	6.62	6.95	0.11	15.26
Can FRF - ST - Growth	7.11	6.97	7.01	6.76	7.00	0.08	22.82
Prudential ICICI FRF - Plan D - Growth	7.09	7.08	7.05	6.72	6.91	0.10	17.09
Tata FRF - ST - Growth	7.08	6.96	6.98	6.66	7.03	0.06	28.24
Quartile III							
Templeton Floating Rate Income Fund ST - IP - Growth	7.07	7.13	7.05	6.74	7.05	0.06	29.37
SBI Magnum Income - FRP - ST - Growth	7.01	6.40	6.66	6.60	7.03	0.51	3.52
JM Floater Fund - S T P - Growth	6.99	7.01	6.92	6.82	6.70	0.20	7.34
Grindlays F R F - STP - Plan C - Super I P - Growth	6.98	6.61	6.72	6.30	6.64	0.11	12.38
Prudential ICICI FRF - Plan C - Growth	6.94	6.92	6.90	6.62	6.81	0.10	15.88
Quartile IV							
SBI Magnum Insta Cash Fund-Liquid Floater Plan-Growth	6.93	6.87	6.91	6.79	6.88	0.06	26.41
Sundaram BNP Paribas FRF - STIP - Growth	6.93	6.87	6.92	6.78	6.92	0.02	82.12
Birla Floating Rate Fund - STP - Growth	6.91	6.83	6.85	6.66	6.91	0.08	21.78
UTI Floating Rate Fund - STP - Growth	6.88	6.85	6.86	6.74	6.85	0.04	43.96
DWS FRF - Growth	6.83	6.74	6.83	6.05	6.10	0.12	7.31
Average	6.97	6.85	6.89	6.71	6.94	0.13	23.08

* Sharpe Ratio = $\frac{\text{November Rolling Return \%} - \text{Risk free rate}}{\text{November Volatility}}$

Risk free rate = 46 to 179 Days Term Deposit Rate

Note: All figures are annualised.
 Schemes have been divided into quartiles in descending order of November annualised returns.

LT Floaters: Growth Option – Scheme-wise Returns and Volatility

Scheme Name	November Annualised Returns (%)	October Annualised Returns (%)	3 Month Annualised Returns (%)	6 Month Annualised Returns (%)	Nov. Rolling Returns (%)	Nov. Volatility	Nov. Sharpe Ratio *
Quartile I							
Tata Floater Fund - Growth	11.06	6.67	8.37	7.35	12.22	7.52	0.73
ABN AMRO FRF LT IP Fund - Growth	7.69	7.22	7.38	7.27	7.63	0.20	4.49
SBI Magnum Income - FRP - LT - IP - Growth	7.46	6.89	7.01	6.49	7.63	2.75	0.32
Templeton Floating Rate Income Fund LT - IP - Growth	7.43	7.52	7.49	7.02	7.42	0.13	5.01
Quartile II							
PRINCIPAL Floating Rate Fund - FMP - IP - Growth	7.40	7.25	7.38	7.17	7.36	0.10	6.37
Reliance FRF - Growth	7.22	7.14	7.14	6.88	7.21	0.12	3.70
Kotak Floater - LT - Growth	7.18	7.24	7.20	7.14	7.11	0.13	2.74
Templeton Floating Rate Income Fund LT - Growth	6.98	7.07	7.03	6.69	6.97	0.12	1.90
Quartile III							
Tata FRF - LT - Growth	6.95	5.38	5.89	5.28	7.13	2.41	0.16
Prudential ICICI LT FRF - Plan B - Growth	6.78	6.68	6.89	6.79	6.73	0.12	-0.13
Sundaram FRF - LTIP - Growth	6.57	6.81	6.56	6.37	6.53	0.27	-0.82
Quartile IV							
Birla Floating Rate Fund - LTP - Growth	6.48	6.54	6.50	6.08	6.46	0.03	-10.94
Grindlays F R F - IP - LTP - Plan B - Growth	6.39	6.32	6.33	6.31	6.38	0.12	-3.10
Prudential ICICI LT FRF - Plan A - Growth	6.38	6.28	6.49	6.38	6.33	0.13	-3.12
Average	7.06	6.65	6.81	6.57	7.12	0.81	-1.40

* Sharpe Ratio = $\frac{\text{November Rolling Return \%} - \text{Risk free rate}}{\text{November Volatility}}$

Risk free rate = 1 Year to 3 Year Term Deposit Rate

Note: All figures are annualised.
 Schemes have been divided into quartiles in descending order of November annualised returns.

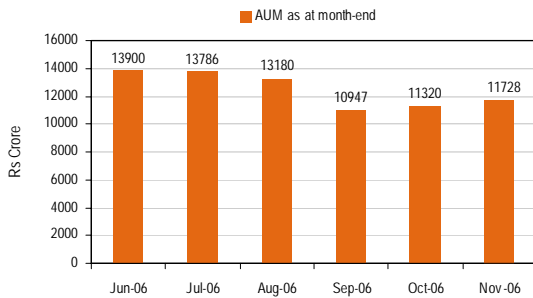
ST Floaters – Portfolio details as on November 30, 2006

Scheme Name	Bonds (%)	CP / CD / MM (%)	FRB (%)	Cash / Call (%)	Fixed Deposits (%)	Fund Size (Rs Cr)	Average Maturity (days)
ABN AMRO FRF - IP - Growth	59.08	18.90	N.A	1.69	19.61	160.63	51
Birla Floating Rate Fund - STP - Growth	N.A	24.70	66.04	9.26	N.A	212.33	95
Birla Floating Rate Fund - STP - IP - Growth	N.A	24.70	66.04	9.26	N.A	212.33	95
Can FRF - ST - Growth	27.27	37.41	11.24	N.A	24.08	622.83	113
DBS Chola Short Term - FRF - Cumulative	7.55	14.78	51.49	18.63	7.55	132.43	N.A.
DSP ML Floating Rate Fund - IP - Growth	0.70	N.A	96.45	2.86	N.A	620.12	N.A.
DSP ML Floating Rate Fund - Regular Plan - Growth	0.70	N.A	96.45	2.86	N.A	620.12	N.A.
DWS FRF - Growth	94.10	N.A	N.A	5.89	N.A	133.17	478
Grindlays F R F - STP - Plan B - IP - Growth	8.87	33.96	54.13	3.05	N.A	364.26	160
Grindlays F R F - STP - Plan C - Super I P - Growth	8.87	33.96	54.13	3.05	N.A	364.26	160
HDFC F R I F - STF - Growth	55.94	29.61	N.A	2.46	3.46	1155.02	240
HSBC FRF - STP - Inst Plus - Growth	21.14	2.15	67.60	6.53	2.58	388.25	67
HSBC FRF - STP - IP - Growth	21.14	2.15	67.60	6.53	2.58	388.25	67
ING Vysya FRF - Growth	75.26	24.75	N.A	N.A	N.A	28.31	N.A.
JM Floater Fund - S T P - Growth	11.73	50.08	38.20	N.A	N.A	314.36	145
Kotak Floater - ST - Growth	50.93	36.07	N.A	0.74	12.26	815.72	80
LIC MF Floating Rate Fund - ST - Growth	79.54	1.52	N.A	5.99	12.95	1667.84	159
PRINCIPAL Floating Rate Fund - SMP - IP - Growth	33.17	41.38	10.28	1.80	13.37	598.65	91
Prudential ICICI FRF - Plan B - Growth	25.98	3.81	N.A	15.29	54.91	1613.22	82
Prudential ICICI FRF - Plan C - Growth	25.98	3.81	N.A	15.29	54.91	1613.22	82
Prudential ICICI FRF - Plan D - Growth	25.98	3.81	N.A	15.29	54.91	1613.22	82
SBI Magnum Income - FRP - ST - Growth	24.68	54.39	N.A	6.32	11.27	97.59	146
SBI Magnum Insta Cash Fund - Liquid Floater Plan - Growth	15.59	59.35	N.A	7.15	17.92	267.79	117
Sundaram BNP Paribas FRF - STIP - Growth	25.79	70.05	N.A	4.16	N.A	168.78	146
Tata FRF - ST - Growth	85.22	N.A	N.A	14.79	N.A	425.63	136
Tata FRF - ST - IP - Growth	85.22	N.A	N.A	14.79	N.A	425.63	136
Templeton Floating Rate Income Fund ST - Growth	52.65	24.40	18.88	4.08	N.A	1038.29	179
Templeton Floating Rate Income Fund ST - IP - Growth	52.65	24.40	18.88	4.08	N.A	1038.29	179
UTI Floating Rate Fund - STP - Growth	86.34	8.10	2.77	2.79	N.A	902.91	82
Average	39.34	26.18	48.01	7.10	20.88	620.81	135

LT Floaters – Portfolio details as on November 30, 2006

Scheme Name	Bonds (%)	CP / CD / MM (%)	FRB (%)	Cash / Call (%)	Fixed Deposits (%)	Fund Size (Rs Cr)	Average Maturity (days)
ABN AMRO FRF LT IP Fund - Growth	28.57	45.23	N.A	0.64	22.63	254.05	115
Birla Floating Rate Fund - LTP - Growth	N.A	N.A	90.33	9.67	N.A	76.61	66
Grindlays F R F - IP - LTP - Plan B - Growth	59.22	18.60	19.87	2.31	N.A	95.68	208
HDFC F R I F - LTF - Growth	95.67	N.A	N.A	4.32	N.A	188.53	693
HSBC FRF - LTP - IP - Growth	33.87	14.12	49.16	2.84	N.A	81.84	78
JM Floater Fund - L T P - Growth	N.A	37.63	62.38	N.A	N.A	13.63	57
JM Floater Fund - LTP - Premium Plan - Growth	N.A	37.63	62.38	N.A	N.A	13.63	57
Kotak Floater - LT - Growth	39.41	30.43	N.A	0.64	9.88	202.48	197
PRINCIPAL Floating Rate Fund - FMP - IP - Growth	58.62	10.89	13.96	9.56	6.97	215.21	141
Prudential ICICI LT FRF - Plan A - Growth	44.64	N.A	N.A	2.83	52.52	258.95	259
Prudential ICICI LT FRF - Plan B - Growth	44.64	N.A	N.A	2.83	52.52	258.95	259
Reliance FRF - Growth	18.96	40.20	35.01	3.99	1.83	819.04	303
SBI Magnum Income - FRP - LT - IP - Growth	44.56	27.22	N.A	18.61	N.A	22.45	405
Sundaram BNP Paribas FRF - LTIP - Growth	18.10	79.40	N.A	2.51	N.A	11.05	153
Tata Floater Fund - Growth	20.09	N.A	N.A	16.18	N.A	4.62	2044
Tata FRF - LT - Growth	N.A	N.A	N.A	85.29	N.A	6.66	N.A
Templeton Floating Rate Income Fund LT - Growth	47.54	41.11	9.65	1.70	N.A	1091.63	266
Templeton Floating Rate Income Fund LT - IP - Growth	47.54	41.11	9.65	1.70	N.A	1091.63	266
Average	42.96	35.30	39.15	10.35	24.39	261.48	327

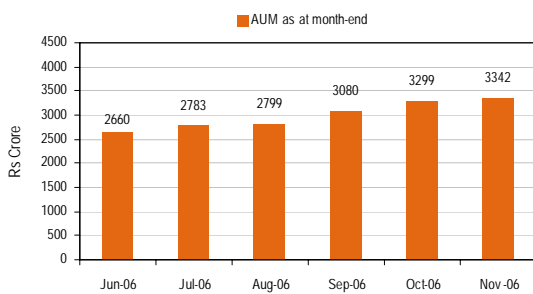
Assets under Management of ST Floaters



Note: Figure shows assets for 29 schemes

Source: IDBI Capital Market Services

Assets under Management of LT Floaters



Note: Figure shows assets for 18 schemes

Source: IDBI Capital Market Services

	Nov. 30, '06	Oct. 31, '06
Short-term Floating Rate Funds		
Growth Option:		
Point-to-Point Return	6.97	6.84
7-days over 1 month Rolling Return	6.94	6.82
Volatility	0.13	0.13

Long-term Floating Rate Funds

	Nov. 30, '06	Oct. 31, '06
Growth Option:		
Point-to-Point Return	7.06	6.65
7-days over 1 month Rolling Return	7.12	6.64
Volatility	0.81	0.20

Money Market Indicators

	Nov. 30, '06	Oct. 31, '06
Mibor month Average	6.17-7.19	6.45-7.20
Call rate range	6.00-6.20	6.70-6.90
Repo-rate range	6.00-6.15	6.40-6.60
90-day CP yield range	7.50-7.75	7.20-7.60

Note: All figures are annualised %.

Fund Flows

In the current rising interest rate scenario, Floating Rate Funds provide for an ideal investment opportunity. These funds typically invest in floating rate debt instruments, whose yields are marked up on some benchmark rate. As such, these funds alleviate, to some extent, the possibility of capital erosion inherent in fixed income instruments.

During November, Short Term Floaters registered net incremental AUM to the tune of Rs. 408 cr, while Long Term Floaters witnessed net inflows amounting to Rs. 44 cr. Their category AUMs stood at Rs. 11,728 cr and Rs. 3,342 cr respectively. While Short Term Floaters were representative of 5% of industry assets, their Long Term counterparts accounted for a mere 1.3% of industry assets (with reference to our universe of schemes).

Short-term Floating Rate Funds: Top AUM gainers in November 2006

(Rs Cr)

	Net Inflow in Nov.	Corpus as on Nov. 30, '06
LIC MF Floating Rate Fund - ST - Growth	784.42	1667.84
Kotak Floater - ST - Growth	467.15	815.72
HSBC FRF - STP - Inst Plus - Growth	24.52	388.25
SBI Magnum Income - FRP - ST - Growth	9.90	97.59
DBS Chola Short Term - FRF - Cumulative	8.23	132.43

Short-term Floating Rate Funds: Top AUM losers in November 2006

(Rs Cr)

	Net Outflow in Nov.	Corpus as on Nov. 30, '06
Prudential ICICI FRF - Plan D - Growth	-529.38	1613.22
Tata FRF - ST - IP - Growth	-98.50	425.63
Templeton Floating Rate Income Fund ST-IP-Gr.	-95.51	1038.29
Can FRF - ST - Growth	-79.27	622.83
Grindlays F R F - STP - Plan C-Super I P-Growth	-77.96	364.26

Long-term Floating Rate Funds: Top AUM gainers in November 2006

(Rs Cr)

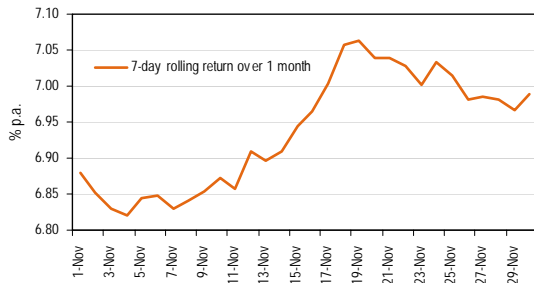
	Net Inflow in Nov.	Corpus as on Nov. 30, '06
Templeton Floating Rate Income Fund LT-IP-Gr.	136.31	1091.63
ABN AMRO FRF LT IP Fund - Growth	58.04	254.05
Reliance FRF - Growth	16.43	819.04
PRINCIPAL Floating Rate Fund - FMP - IP - Growth	14.17	215.21
JM Floater Fund - LTP - Premium Plan - Growth	-0.22	13.63

Long-term Floating Rate Funds: Top AUM losers in November 2006

(Rs Cr)

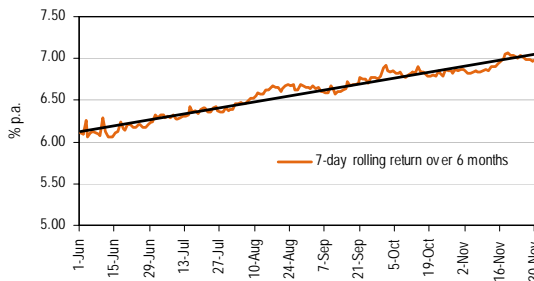
	Net Outflow in Nov.	Corpus as on Nov. 30, '06
Kotak Floater - LT - Growth	-121.25	202.48
Prudential ICICI LT FRF - Plan B - Growth	-34.08	258.95
Tata Floater Fund - Growth	-7.51	4.62
Birla Floating Rate Fund - LTP - Growth	-5.70	76.61
HDFC F R I F - LTF - Growth	-5.57	188.53

7-day rolling returns over 1 month for ST Floaters



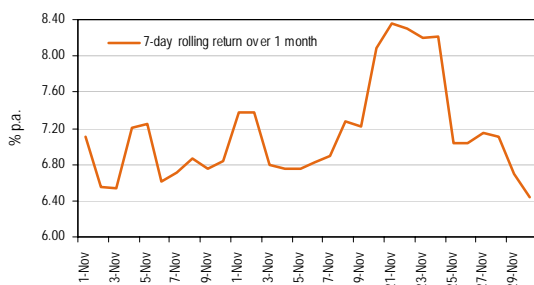
Source: IDBI Capital Market Services

7-day rolling return over 6 months for ST Floaters



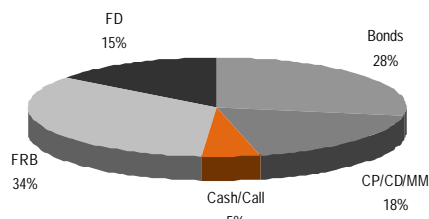
Source: IDBI Capital Market Services

7-day Rolling Returns of LT Floater Funds



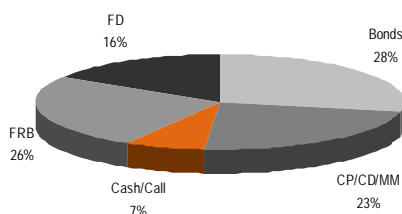
Source: IDBI Capital Market Services

ST Floaters: Asset Allocation as on 30 November 2006



Source: IDBI Capital Market Services

LT Floaters: Asset Allocation as on 30 November 2006



Source: IDBI Capital Market Services

Returns Analysis

During November, the Short Term Floaters category generated an average annualized return of 6.97%, only marginally higher than the comparable October return of 6.85%. The 6-month annualized returns averaged at 6.71%, while November rolling returns were seen at 6.94%. The volatility of returns, as measured by the Standard Deviation, stood at 0.13, and the Sharpe Ratio for the category averaged at 23.08.

Surprisingly, the Long Term Floaters category generated a higher return of 7.06% as compared to their Short Term counterparts. This return was also appreciably higher than the October return of 6.65%. The 6-month annualized returns clocked in at 6.57%, while November rolling returns were notably high at 7.12%. The volatility of returns, as reflected by the Standard Deviation, averaged at 0.81, and the Sharpe Ratio for the category was measured at a negative 1.40.

Portfolio Review

Short Term Floaters, as at the end of November, maintained their average allocation of around 39% to Bonds. The average exposure to the CP / CD segment increased significantly from around 22% in October to 26.18% in November. The average share of net assets invested in FRBs declined modestly from 50.15% to 48.01% between the two months. The average allocation to the overnight markets also fell from around 9% at the end of October to around 7% at the close of November. The average maturity of the portfolios declined significantly from 169 days to 135 days between the two months.

In case of Long Term Floaters, the average allocation to Bonds fell significantly from 50.13% at the end of October to 42.96% as at the end of November. On the other hand, the percentage of net assets invested in the CP / CD segment increased drastically from 25.74% to 35.30% between the two months. The average exposure to FRBs too fell notably from 45.87% in October to 39.15% in November. The share of overnight markets declined somewhat from 12.71% to 10.35% between October and November. The average maturity of the portfolios shot up from 182 days to 327 days between the two months. This drastic change was primarily on account of Tata Floater Fund, whose average maturity escalated from 223 days in October to an astounding 2044 days in November.

Outlook

We continue to recommend Floating Rate Funds over ordinary debt funds as they give the Fund Manager flexibility to invest in fixed or floating rate instruments. Short Term Floaters are now being viewed as alternative investment avenues to Liquid Funds. Returns from these funds should be above the reverse repo rate of 6%. Floaters essentially allow investors to benefit from high accrual yields even when interest rates are rising while minimizing the price effect. Yields on 364-day T-bills have stabilized and are range-bound at 6.90% - 7%, and as such, there should be lesser volatility in the Long-Term Floater segment.

Schemes Watch

Short-term Floaters

- DBS Chola Short Term - FRF - Cumulative
- Kotak Floater - ST - Growth
- LIC MF Floating Rate Fund - ST - Growth

Long-term Floaters

We currently advise investors to withhold fresh investments in the Long Term Floaters category.

Short-term debt funds – invest in short-term g-secs and bonds**November Outlook Negative**

No. of schemes studied	22	November Return	7.37%
Avg Maturity (on November 30)	0.95yrs	November AUM*	Rs 7,382cr

* For the schemes studied below

Growth Option – Scheme-wise Returns and Volatility

Scheme Name	November Annualised Returns (%)	October Annualised Returns (%)	3 Month Annualised Returns (%)	6 Month Annualised Returns (%)	Nov. Rolling Returns (%)	Nov. Volatility	Nov. Sharpe Ratio *
Quartile I							
Tata Short Term Bond Fund - Growth	8.55	7.30	7.82	7.43	8.64	2.36	1.44
DWS Short Maturity Fund - Growth	8.21	7.28	7.72	7.14	8.14	1.32	2.18
Templeton India STIP - IP - Growth	7.93	7.61	7.67	7.43	7.70	0.91	2.68
Kotak Bond Short Term Plan - Growth	7.90	7.46	7.92	7.53	7.79	0.25	10.05
Prudential ICICI STIP- Growth	7.89	7.11	7.64	7.33	7.95	0.55	4.90
Templeton India STIP - Growth	7.83	7.50	7.56	7.33	7.59	0.91	2.57
Birla SunLife Short Term Fund - Growth	7.79	6.32	7.12	6.87	7.67	0.36	6.68
Quartile II							
Chola F I - S T F - I P - Growth	7.77	7.46	7.84	7.56	7.71	0.21	11.92
PRINCIPAL Income Fund - STP - I P - Growth	7.72	7.37	7.96	7.63	7.64	0.32	7.52
ING Vysya Income Fund - Short Term - Growth	7.68	7.50	7.72	7.79	7.58	0.35	6.74
HDFC HIF - S T P - Growth	7.59	6.93	7.51	7.11	7.52	0.91	2.49
Sundaram Select Debt - S T A P - Appreciation	7.59	7.30	8.61	7.41	7.63	2.69	0.88
Grindlays SSIF - Short Term - Plan C - Super IP - Growth	7.57	6.68	6.94	6.99	7.48	0.57	3.92
Quartile III							
Birla Bond Plus - I P - Growth	7.54	7.77	7.58	7.39	7.46	0.23	9.69
Reliance Short Term Fund - Growth	7.48	7.91	7.71	7.51	7.48	0.09	25.60
JM Short Term Fund - I P - Growth	7.28	7.00	7.54	7.53	7.21	0.22	9.10
HSBC Income Fund - S T P - I P - Growth	7.18	7.16	7.54	7.53	7.15	0.37	5.13
HDFC Short Term Plan - Growth	7.16	6.72	7.13	6.81	7.10	0.38	4.84
Quartile IV							
DSP ML Short Term Fund - Growth	7.10	7.00	7.05	7.02	7.05	0.40	4.47
UTI Liquid Fund - Short Term Plan - Growth	6.71	7.14	6.91	6.95	6.69	0.58	2.47
Can Short Term Plan - Growth	6.26	6.19	5.91	5.40	6.19	0.99	0.94
LIC Short Term Plan - Growth	3.41	6.13	5.67	5.37	3.93	1.88	(0.70)
Average	7.37	7.13	7.41	7.14	7.33	0.77	5.70

* Sharpe Ratio = $\frac{\text{November Rolling Return \%} - \text{Risk free rate}}{\text{November Volatility}}$

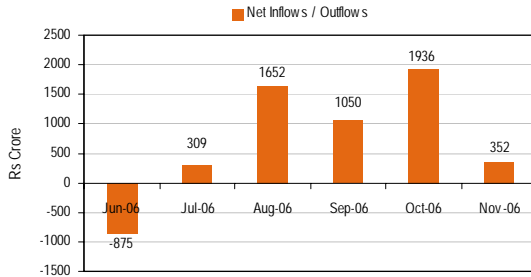
Risk free rate = 46 to 179 Days Term Deposit Rate

Note: All figures are annualised.
Schemes have been divided into quartiles in descending order of November annualised returns.

Portfolio details as on November 30, 2006

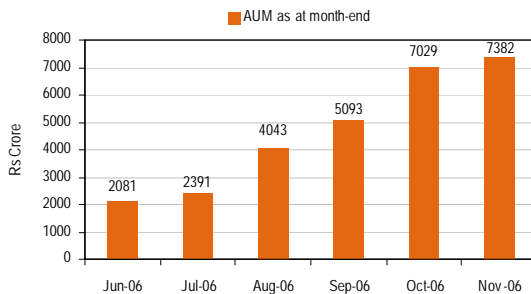
Scheme Name	G-Sec (%)	Bonds (%)	CP/CD MM (%)	FRB (%)	Cash/Call (%)	Fixed Deposits (%)	AA (%)	AAA (%)	Sovereign	Fund Size (Rs Cr)	Average Maturity (years)
Birla Bond Plus - I P - Growth	7.42	29.47	43.13	N.A	19.97	N.A	4.40	80.20	7.42	796.48	1.32
Birla SunLife Short Term Fund - Growth	N.A	0.82	80.76	N.A	18.42	N.A	--	46.07	53.93	18.24	0.22
Can Short Term Plan - Growth	N.A	N.A	100.17	N.A	-0.17	N.A	--	-0.17	99.88	0.17	0.14
DBS Chola F I - S T F - I P - Growth	N.A	9.38	72.28	N.A	10.54	7.80	10.81	81.39	--	320.23	N.A.
DSP ML Short Term Fund - Growth	N.A	45.71	29.75	19.72	4.82	N.A	23.82	73.75	--	125.78	N.A.
DWS Short Maturity Fund - Growth	7.47	53.33	5.48	N.A	33.73	N.A	7.55	57.80	7.47	189.83	1.35
Grindlays SSIF-Short Term-Plan C-Super IP-Gr.	N.A	23.64	75.76	N.A	0.60	N.A	9.74	90.26	--	102.77	0.86
HDFC HIF - S T P - Growth	4.16	83.81	9.75	N.A	2.29	N.A	8.44	78.16	4.16	59.25	1.43
HDFC Short Term Plan - Growth	N.A	54.86	35.60	N.A	9.54	N.A	13.23	85.31	--	113.91	0.88
HSBC Income Fund - S T P - I P - Growth	N.A	46.70	35.25	N.A	6.00	12.05	13.47	63.03	--	207.55	0.96
ING Vysya Income Fund - Short Term - Growth	N.A	67.95	32.06	N.A	N.A	N.A	13.84	49.10	--	356.66	N.A.
JM Short Term Fund - I P - Growth	N.A	42.51	48.39	9.09	N.A	N.A	24.39	55.93	--	88.06	0.67
Kotak Bond Short Term Plan - Growth	N.A	83.17	13.77	N.A	1.17	N.A	7.61	86.66	--	526.78	1.26
LIC Short Term Plan - Growth	N.A	N.A	N.A	N.A	99.03	0.97	--	99.03	--	1.03	0.00
PRINCIPAL Income Fund - STP - I P - Growth	N.A	35.43	53.57	2.61	6.69	1.70	6.97	90.86	--	1468.08	1.35
Prudential ICICI STIP- Growth	5.89	30.24	0.67	N.A	10.80	52.41	3.08	35.08	5.89	1134.80	1.33
Reliance Short Term Fund - Growth	N.A	36.87	48.79	12.73	1.63	N.A	5.33	94.67	--	785.46	1.32
Sundaram BNP Paribas Select Debt-S T A P-Appre.	N.A	N.A	84.38	N.A	15.61	N.A	--	64.97	--	18.46	0.48
Tata Short Term Bond Fund - Growth	6.23	77.44	N.A	N.A	16.34	N.A	--	93.77	6.23	94.43	0.89
Templeton India STIP - Growth	N.A	72.71	7.47	2.66	17.16	N.A	10.36	87.29	--	927.90	1.28
Templeton India STIP - IP - Growth	N.A	72.71	7.47	2.66	17.16	N.A	10.36	87.29	--	927.90	1.28
UTI Liquid Fund - Short Term Plan - Growth	N.A	64.01	24.65	N.A	11.34	N.A	--	100.00	--	45.66	1.13
Average	6.23	48.99	40.46	8.25	15.13	14.99	10.84	72.75	26.43	377.70	0.95

Net change in assets of ST Debt Funds



Note: Figure shows fund flows for 22 schemes
Source: IDBI Capital Market Services

Assets under management of ST Debt Funds



Note: Figure shows assets for 22 schemes
Source: IDBI Capital Market Services

Nov. 30, '06 Oct. 31, '06

Short-term Debt Fund Indicators

Growth Option:

Point- to-Point Return	7.37	6.82
7-days over 1 month Rolling Return	7.33	6.79
Volatility	0.77	0.52

Money Market Indicators

Mibor month Average	6.17-7.19	6.45-7.20
Call rate range	6.00-6.20	6.70-6.90
Repo-rate range	6.00-6.15	6.40-6.60
90-day CP yield range	7.50-7.75	7.20-7.60

G-sec Market Indicators

1 yr g-sec yield	6.93	7.00
3 yr g sec yield	7.19	7.22

Corporate Bond Market Indicators

1 yr AAA spreads	112bps	88bps
3 yr AAA spreads	103bps	92bps

Note: All figures are annualised %.
Source: IDBI Capital Market Services

Fund Flows

During November, Short Term Debt Funds witnessed net accretion to AUM to the tune of Rs. 352 cr, taking the category AUM to Rs. 7,382 cr. This accounted for only about 3% of industry assets (with reference to our universe of schemes).

Top AUM gainers in November 2006

(Rs Cr)

	Net Inflow in Nov.	Corpus as on Nov. 30, '06
Reliance Short Term Fund - Growth	262.69	785.46
Kotak Bond Short Term Plan - Growth	223.87	526.78
Prudential ICICI STIP- Growth	173.13	1134.80
DBS Chola F I - S T F - I P - Growth	147.85	320.23
Templeton India STIP - IP - Growth	129.19	927.90

Top AUM losers in November 2006

(Rs Cr)

	Net Outflow in Nov.	Corpus as on Nov. 30, '06
Grindlays SSIF-Short Term-Plan C-Super IP-Growth	-62.94	102.77
HSBC Income Fund - S T P - I P - Growth	-34.05	207.55
JM Short Term Fund - I P - Growth	-24.44	88.06
UTI Liquid Fund - Short Term Plan - Growth	-21.50	45.66
DSP ML Short Term Fund - Growth	-6.76	125.78

Returns Analysis

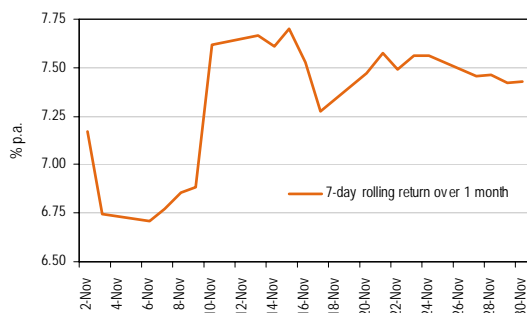
Against the backdrop of the sharp rally in G-secs, November witnessed a widening of credit spreads over sovereign yields across the curve. The spread of 1Y AAA paper expanded by 24bps over the month, while the spread of the benchmark 10Y AAA security widened from 107bps to 121bps over the month.

Over the month of November, the Short Term Debt Funds category registered an average annualized return of 7.37%, significantly higher than the comparable October return of 7.13%. The 6-month average annualized return was noted at 7.14%, while November rolling returns clocked in at 7.33%. The volatility of returns during the month was registered at 0.77, and the Sharpe Ratio for November was seen at 5.70.

Portfolio Review

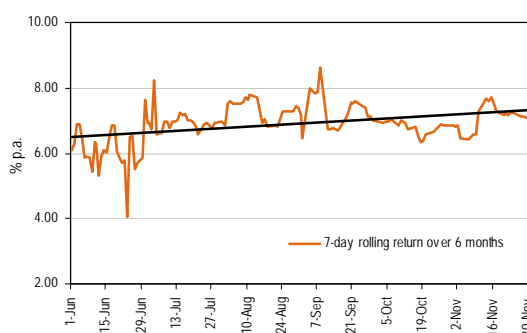
As at the end of November, Short Term Debt Funds had an average exposure of around 49% to Bonds, somewhat higher than the 44.21% allocation seen at the end of October. The percentage of net assets invested in the CP / CD segment declined from 45.52% in October to 40.46% in November. The category pared down exposure to FRBs from 9.40% to 8.25% between the two months, while the average allocation to overnight markets increased from 12.93% to 15.13% between October and November. Fixed Deposits maintained the previous month's level at around 15%. The average credit quality of the portfolios also remained more or less the same with around 73% of net assets invested in AAA rated paper. The average maturity of the portfolios escalated from 0.80 years to 0.95 years between the two months.

7-day rolling returns over 1 month



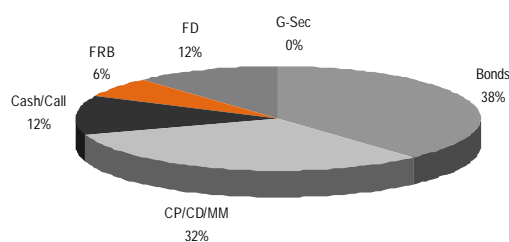
Source: IDBI Capital Market Services

7-day rolling return over 6-months for ST Debt Funds



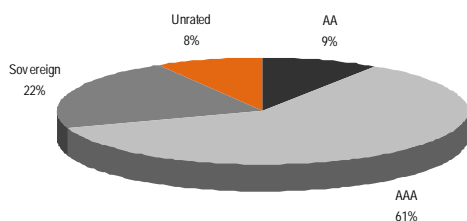
Source: IDBI Capital Market Services

Asset Allocation as on 30 November 2006



Source: IDBI Capital Market Services

Rating Profile as on 30 November 2006



Source: IDBI Capital Market Services

Asset allocation	G-Sec	CP/CD	Bonds	Cash/Call
November 30	6.23	40.46	48.99	15.13
October 31	3.35	45.52	44.21	12.93

Note: Figures are as a % of net assets

Source: IDBI Capital Market Services

Rating Profile	Sovereign	AAA/P1+ /Call	AA/P1-
November 30	26.43	72.75	10.84
October 31	55.21	73.12	12.29

Note: Figures are as a % of net assets

Source: IDBI Capital Market Services

Outlook

As discussed in other parts of this report, we continue to maintain a bearish stance on Debt Market investments.

As matters stand at the beginning of December, prices of global crude have receded from their record high levels witnessed earlier. However, the situation appears at best temporary. The OPEC has given indications that the current slide may not be sustained, as oil-exporting nations have resorted to a cut in production. Another OPEC meeting to discuss the ramifications of further output reductions will be held on December 14th. As such, it seems oil prices will remain at elevated levels in the foreseeable future.

In the domestic setting, though prices of fuel have been reduced owing to populist considerations, inflationary expectations are nevertheless high due to increased prices of primary articles, especially food items. Even discounting the impact of food and fuel, i.e. looking at the less comprehensive measure of core inflation, the situation looks worrisome. Core inflation, which was measured at 1.96% as at the beginning of the current fiscal, has escalated to 4.76% as noted on November 18th. In addition, with credit growth witnessing a continued bull-run, money supply in the economy will persist at high levels. As a matter of fact, given the buoyancy of infrastructure investments, upturn in capex and record high GDP growth, money supply is not likely to ebb in the imminent future. This will further fuel demand-pull inflationary tendencies.

As such, market participants are generally in consensus that the RBI will resort to hiking benchmark rates possibly once more in the current fiscal. The most immediate impact of a hike will be felt at the short end of the curve. In case of corporate bonds, credit spreads have already been under pressure for sometime especially for paper of shorter maturity. Furthermore, given that market participants are anticipating a correction in the G-secs market, yields on bonds will also edge higher tracking the sovereign gilts. Finally, with fresh issuances being expected from PSUs and Banks, any rally in corporate bonds will be further capped.

Schemes Watch

We currently advise investors to refrain from making fresh allocations to the Short Term Debt Funds category.

Long-term debt funds – invest in long term g-secs and bonds		December Outlook Negative	
No. of schemes studied	28	November Return	11.18%
Avg Maturity (on November 30)	3.04yrs	November AUM*	Rs 2,199cr

* For the schemes studied below

Growth Option – Scheme-wise Returns and Volatility

Scheme Name	November Annualised Returns (%)	October Annualised Returns (%)	3 Month Annualised Returns (%)	6 Month Annualised Returns (%)	Nov. Rolling Returns (%)	Nov. Volatility	Nov. Sharpe Ratio *
Quartile I							
Birla SunLife Income Fund - Growth	25.26	7.25	14.60	11.02	25.27	12.46	1.49
Sahara Income Fund - Growth	24.53	6.15	11.49	7.77	24.21	30.99	0.56
DWS Premier Bond Fund - Regular Plan - Growth	20.98	10.72	14.59	8.43	20.40	8.44	1.62
Prudential ICICI Income Fund - I P - Growth	18.01	9.20	15.13	11.09	19.04	4.65	2.64
Templeton India IBA - Plan A - Growth	17.18	8.75	12.25	7.55	18.07	7.85	1.44
ABN AMRO Flexi Debt Fund - Growth	17.03	13.00	10.97	10.01	14.92	8.32	0.98
Kotak Bond Regular Plan - Growth	13.11	7.52	10.40	9.41	12.68	4.38	1.35
Grindlays SSIF - Invt. Plan - Plan A - Growth	12.96	6.75	9.60	7.85	13.33	4.80	1.37
Quartile II							
Tata Income Plus Fund - HIP - (Option B) - Growth	12.72	9.06	10.14	6.71	12.37	6.75	0.83
Birla Income Plus - Growth	12.23	7.22	9.45	7.88	12.42	6.82	0.83
Reliance Income Fund - Retail - G P - Growth	11.55	8.25	10.85	8.23	11.75	3.77	1.32
Kotak Bond Deposit - Growth	11.34	5.76	8.61	7.80	10.92	4.38	0.95
Templeton India Income Fund - Growth	11.29	5.92	8.16	6.44	11.90	5.46	0.94
SBI Magnum Income - Growth	10.42	5.10	8.51	6.88	10.85	6.17	0.66
PRINCIPAL Income Fund - I P - Growth	10.07	6.94	10.57	9.45	10.79	3.21	1.26
Quartile III							
ING Vysya Income Fund - IP - Growth	9.38	6.44	7.57	6.20	10.08	3.09	1.08
HSBC Income Fund - Invt Plan - I P - Growth	8.68	6.73	8.48	8.02	8.68	2.90	0.67
HDFC Income Fund - Growth	8.48	5.28	7.30	5.46	8.49	3.30	0.53
UTI Bond Fund - Growth	7.88	6.15	7.68	6.44	7.98	1.97	0.62
UTI Bond Advantage Fund - Growth	7.49	4.77	5.96	5.15	7.32	1.79	0.32
Sundaram Bond Saver - Growth	7.44	5.55	7.17	5.97	7.89	3.24	0.35
LIC Bond Fund - Growth	7.06	5.82	6.16	6.86	7.03	2.99	0.10
Quartile IV							
DSP ML Bond Fund - Retail Plan - Growth	6.30	4.60	6.53	5.53	6.31	2.11	-0.21
CanIncome Scheme - Growth Plan	5.08	5.77	5.29	4.83	5.05	0.15	-11.50
Birla Bond Index Fund - Growth	4.62	6.23	5.46	5.47	4.74	7.84	-0.26
ING Vysya Select Debt Fund - Growth	4.27	4.52	4.73	5.38	4.13	0.49	-5.34
BOB Income Fund - Growth	4.07	4.16	4.06	3.79	4.09	0.23	-11.39
JM Income - Growth	3.59	4.35	4.34	3.69	3.75	0.66	-4.56
Average	11.18	6.71	8.79	7.12	11.23	5.33	-0.40

* Sharpe Ratio = $\frac{\text{November Rolling Return \%} - \text{Risk free rate}}{\text{November Volatility}}$

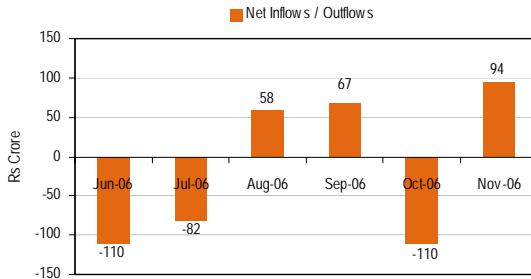
Note: All figures are annualised.
Schemes have been divided into quartiles in descending order of November annualised returns.

Risk free rate = 1 Year to 3 Year Term Deposit Rate

Portfolio details as on November 30, 2006

Scheme Name	G-Sec (%)	Bonds (%)	CP / CD MM (%)	Cash / Call (%)	AA (%)	AAA (%)	Sovereign	Fund Size (Rs Cr)	Average Maturity (years)
ABN AMRO Flexi Debt Fund - Growth	N.A	29.18	N.A	1.34	--	30.53	--	18.98	2.90
Birla Bond Index Fund - Growth	N.A	20.51	N.A	79.49	5.23	94.77	--	1.89	0.55
Birla Income Plus - Growth	43.53	43.97	8.17	4.31	2.49	53.98	43.53	237.94	3.52
Birla SunLife Income Fund - Growth	33.49	17.83	17.76	25.24	--	63.46	33.49	33.32	6.69
BOB Income Fund - Growth	N.A	N.A	N.A	N.A	--	--	--	0.47	N.A.
CanIncome Scheme - Growth Plan	N.A	N.A	99.48	0.52	--	0.52	95.29	1.32	0.23
DSP ML Bond Fund - Retail Plan - Growth	18.43	2.31	N.A	18.53	34.75	30.96	18.43	58.60	N.A.
DWS Premier Bond Fund - Regular Plan - Growth	33.21	53.28	N.A	13.50	24.90	33.77	33.21	3.30	7.47
Grindlays SSIF - Inv. Plan - Plan A - Growth	31.45	27.76	34.86	5.92	--	62.60	31.45	64.08	4.67
HDFC Income Fund - Growth	15.35	70.74	N.A	13.91	10.12	63.13	15.35	243.07	3.15
HSBC Income Fund - Invtt Plan - I P - Growth	0.01	28.59	27.04	38.37	15.11	50.77	0.01	33.18	0.66
ING Vysya Income Fund - IP - Growth	N.A	73.32	26.68	N.A	16.01	34.44	--	13.25	N.A.
ING Vysya Select Debt Fund - Growth	N.A	72.61	27.39	N.A	40.02	5.32	--	7.50	N.A.
JM Income - Growth	15.31	20.69	7.16	N.A	8.86	70.40	15.31	28.21	0.87
Kotak Bond Deposit - Growth	15.02	32.30	43.48	9.20	2.10	49.25	15.02	47.58	2.56
Kotak Bond Regular Plan - Growth	15.02	32.30	43.48	9.20	2.10	49.25	15.02	47.58	2.56
LIC Bond Fund - Growth	N.A	77.70	N.A	22.30	32.10	67.90	--	121.91	1.08
PRINCIPAL Income Fund - I P - Growth	44.96	19.14	14.45	8.16	4.34	50.70	44.96	45.17	3.40
Prudential ICICI Income Fund - I P - Growth	38.07	34.46	11.77	15.71	6.52	55.41	38.07	325.08	6.79
Reliance Income Fund - Retail - G P - Growth	20.78	56.12	12.03	11.07	4.98	74.24	20.78	100.66	4.39
Sahara Income Fund - Growth	N.A	N.A	98.50	1.50	--	1.50	--	1.29	0.50
SBI Magnum Income - Growth	32.41	50.97	N.A	16.63	8.80	58.80	32.41	83.22	1.51
Sundaram BNP Paribas Bond Saver - Growth	30.83	52.96	7.73	7.93	13.55	48.15	30.83	66.84	3.56
Tata Income Plus Fund - HIP - (Option B) - Growth	44.81	N.A	N.A	55.19	--	55.19	44.81	4.38	N.A.
Templeton India IBA - Plan A - Growth	18.73	56.40	N.A	24.86	9.12	63.21	18.73	109.43	4.71
Templeton India Income Fund - Growth	18.17	50.52	N.A	31.31	20.23	61.60	18.17	196.65	3.11
UTI Bond Advantage Fund - Growth	13.81	60.14	13.31	12.74	--	86.19	13.81	21.40	1.54
UTI Bond Fund - Growth	15.28	77.08	N.A	7.64	16.64	68.08	15.28	330.69	3.45
Average	24.93	44.20	30.83	18.11	13.90	51.26	28.28	80.25	3.04

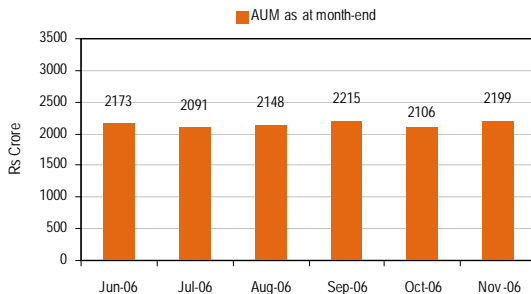
Net change in assets of LT Debt Funds



Note: Figure shows fund flows for 28 schemes

Source: IDBI Capital Market Services

Assets under management of LT Debt Funds



Note: Figure shows assets for 28 schemes

Source: IDBI Capital Market Services

Nov. 30, '06 Oct. 31, '06

Long-term Debt Fund Indicators

Growth Option:

Point-to-Point Return	11.18	6.71
7-days over 1 month Rolling Return	11.23	6.20
Volatility	5.33	2.70

Money Market Indicators

Mibor month Average	6.17-7.19	6.45-7.20
Call rate range	6.00-6.20	6.70-6.90
Repo-rate range	6.00-6.15	6.40-6.60
90-day CP yield range	7.50-7.75	7.20-7.60

G-sec Market Indicators

10 yr g sec yield	7.42	7.63
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Corporate Bond Market Indicators

5 yr AAA spreads	113bps	92bps
10yr AAA spreads	121bps	107bps

Note: All figures are annualised %.

Source: IDBI Capital Market Services

Fund Flows

Despite the overall bearish sentiment in Debt Markets, Long Term Debt Funds too witnessed net inflows during November. The category AUM increased by Rs. 94 cr and stood at Rs. 2,199 cr as at the end of November. This accounted for a mere 0.9% of industry assets (with reference to our universe of schemes).

Top AUM gainers in November 2006

(Rs Cr)

	Net Inflow in Nov.	Corpus as on Nov. 30, '06
Prudential ICICI Income Fund - I P - Growth	64.68	325.08
Templeton India Income Fund - Growth	24.31	196.65
Birla Income Plus - Growth	24.30	237.94
HDFC Income Fund - Growth	20.54	243.07
Kotak Bond Deposit - Growth	8.41	47.58

Top AUM losers in November 2006

(Rs Cr)

	Net Outflow in Nov.	Corpus as on Nov. 30, '06
Sahara Income Fund - Growth	-41.98	1.29
UTI Bond Fund - Growth	-5.76	330.69
SBI Magnum Income - Growth	-4.05	83.22
HSBC Income Fund - Invtt Plan - I P - Growth	-3.50	33.18
Templeton India IBA - Plan A - Growth	-3.15	109.43

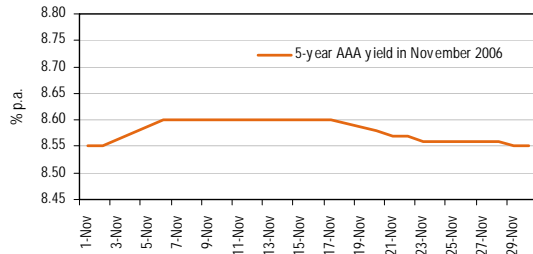
Returns Analysis

Over the month of November, Long Term Debt Funds generated an average annualized return of 11.18%, sharply higher than the October return of 6.71%. The 6-month annualized returns were noted at an average of 7.12%, while November rolling returns clocked in at 11.23%. The volatility of returns during the month was seen at 5.33. The November Sharpe Ratio for the category was noted at a negative 0.40.

Portfolio Review

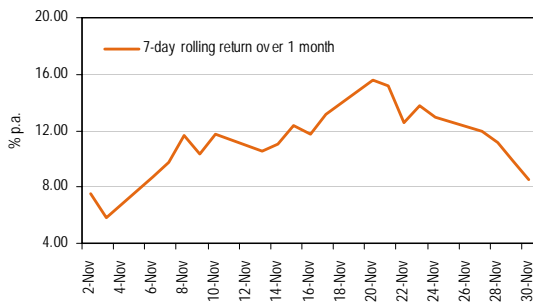
The average allocation of Long Term Debt Funds to G-secs increased significantly from 14.48% in October and stood at around 25% as at the end of November. The average exposure to Bonds declined notably from around 50% to 44.20% between October and November. The percentage of average net assets invested in the CP / CD segment saw a significant increment from 22.25% as at the end of October to 30.83% as at the end of November. The average exposure to the overnight markets also increased significantly from 15.69% to 18.11% between the two months. The average credit quality declined with investments in AAA rated paper shrinking from 64.73% in October to only 51.26% in November. The average maturity of the portfolios increased from 2.34 years to 3.04 years between October and November.

The 5-yr AAA yield remained rangebound over November



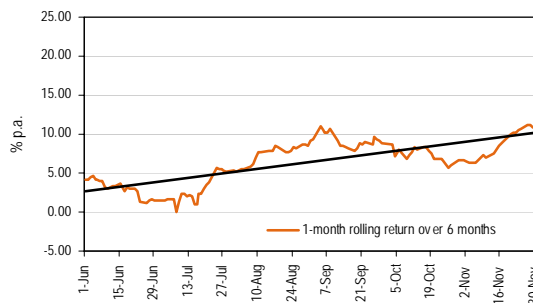
Source: IDBI Capital Market Services

7-day Rolling Returns over 1 month



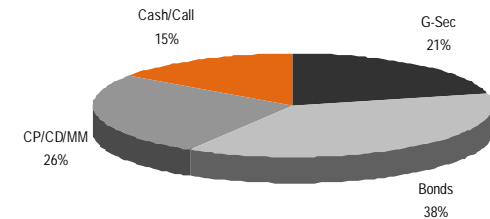
Source: IDBI Capital Market Services

1-month rolling return over 6-months for LT Debt funds



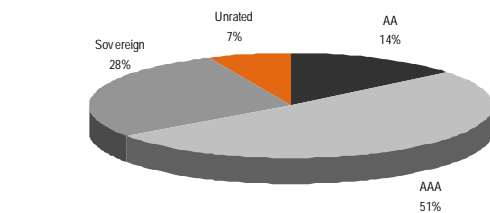
Source: IDBI Capital Market Services

Asset Allocation as on 30 November 2006



Source: IDBI Capital Market Services

Rating Profile as on 30 November 2006



Source: IDBI Capital Market Services

Asset allocation	G-Sec	Bonds	Cash/Call
November 30	24.93	44.20	18.11
October 31	14.48	49.96	15.69

Note: All figures are as a % of net assets

Source: IDBI Capital Market Services

Rating Profile	Sovereign	AAA/P1+ /Call	AA/P1-
November 30	28.28	51.26	13.90
October 31	19.77	64.73	16.06

Note: Figures are as a % of net assets

Source: IDBI Capital Market Services

Outlook

Our perspective on Debt Markets continues to stay bearish. This is on account of various factors as detailed below.

Arguably, the most important concern of the RBI currently is the inflation threat. These risks arise from the potential direct as well as second level effects of higher prices of oil, commodities and metals. The elevated prices of primary articles, especially food, have already started feeding into the WPI. In addition, the RBI also apprehends inflationary stimuli from the remaining overhang of global liquidity. There are other indications as well. The growth impetus of the economy does not seem to be relenting. The most recent IIP figures for September showed an impressive 11.4% growth, while the latest GDP statistics registered a staggering 9.2% growth in Q2FY07. According to the RBI, the domestic inflationary pressures primarily emanate from the demand side as reflected in the continuing upturn in capex, strong domestic growth, the persistent thrust of credit expansion, increasing consumption demand and buoyant infrastructure and capital goods investments. Abetting these primary forces at play is the higher than projected growth in money supply which stood at 18.7% (y-o-y) as on November 10th. Some segments of the market have opined that the economy is showing signs of overheating, though currently the RBI has not endorsed this view.

Another aspect posing concern is the rampant escalation of credit. As on November 10th, the y-o-y growth in non-food credit stood at 30%, whereas growth in aggregate deposits only notched up to around 21%. This credit expansion has been led by increased fund requirements of industry as also elevated demand for consumption. A significant part of this is possibly also fuelling the asset price bubble, which though not reflected in inflation figures is also credit-facilitated. As such, the backdrop seems to indicate higher interest rates going forward. The RBI had increased the repo rate in its October Review of Monetary Policy and its effects will be expressly manifest only if credit significantly outstrips deposit mobilization and Banks turn to RBI for funds. Banks have already stepped up efforts to garner deposits. According to market reports, there has been a tangible increase in interest rates on bulk term deposits. There have also been increased issuances of short-term liabilities like CPs and CDs. Credit growth will almost certainly sustain momentum given the Finance Minister's explicit emphasis on extending funds to physical infrastructure projects and SMEs. As such, market participants are largely expecting another hike in benchmark rates going forward.

Combined with other factors like the possible up-ticks in global crude, pressures on the currency front and a correction in the G-secs market which would send yields higher, we feel the current scenario does not portend well for the Long Term Debt Funds category.

Schemes Watch

We currently advise investors to refrain from committing fresh funds to this category. We also recommend booking profits at current levels.

Long-term gilt funds – invest in long-term G-secs**December Outlook Negative**

No. of schemes studied	26	November Return	14.77%
Avg Maturity (on November 30)	5.08yrs	November AUM*	Rs 1,399cr

* For the schemes studied below

Growth Option – Scheme-wise Returns and Volatility

Scheme Name	November Annualised Returns (%)	October Annualised Returns (%)	3 Month Annualised Returns (%)	6 Month Annualised Returns (%)	Nov. Rolling Returns (%)	Nov. Volatility	Nov. Sharpe Ratio *
Quartile I							
Prudential ICICI GFIP - Growth	32.83	11.04	22.11	13.67	35.16	14.01	2.03
Grindlays G Sec Fund - Investment - Plan A - Growth	27.69	9.05	17.20	12.46	29.06	10.20	2.19
Birla GPRP - Growth	27.14	15.47	22.74	13.26	27.75	21.91	0.96
PRINCIPAL G Sec - Investment - Growth	23.95	4.62	14.76	10.51	25.10	10.67	1.72
Templeton India GSF - LTP - Growth	23.36	8.13	16.36	10.31	19.82	9.47	1.38
Kotak Gilt - Investment Regular Plan - Growth	21.57	3.36	14.13	10.20	21.52	9.65	1.53
Reliance G Sec Fund - LTP - Retail - Growth	19.08	9.79	17.38	10.95	19.78	11.95	1.09
Quartile II							
Templeton GSF - Composite Plan - Growth	18.87	5.43	11.16	7.13	26.01	10.96	1.76
Tata Gilt Securities Fund - Growth	18.51	7.68	13.02	7.95	20.10	10.22	1.31
Tata Gilt High Investment Fund - Growth	18.50	7.67	13.04	7.96	20.09	10.22	1.30
Birla SunLife G Sec Fund - LT - Growth	18.11	4.96	9.31	6.77	17.74	13.35	0.82
SBI Magnum Gilt LTP - Growth	18.00	5.54	11.52	8.63	18.34	10.90	1.06
UTI Gilt Advantage Fund - L T P - Growth	16.09	5.09	11.69	8.49	17.45	8.91	1.20
DSP ML G Sec Fund Plan A Long Duration - (G)	15.91	5.07	12.38	9.58	17.46	9.97	1.07
Quartile III							
Sahara Gilt Fund - Growth	12.00	5.09	7.19	5.67	11.88	6.57	0.78
HDFC Gilt Fund - L T P - Growth	10.18	5.27	8.48	5.12	10.70	7.22	0.55
UTI G-Sec Fund - Growth	9.92	4.96	8.92	6.51	10.41	3.73	0.98
LIC G Sec Fund - Growth	9.30	3.41	8.05	5.24	9.60	5.41	0.53
Escorts Gilt Plan - Growth	9.22	3.39	7.99	4.92	7.64	4.93	0.18
Cangilt PGS - Growth	7.31	5.92	6.08	4.85	8.23	3.04	0.49
BOB Gilt Fund - Growth	5.29	5.34	5.23	4.91	5.31	0.22	-6.43
Quartile IV							
Sundaram Gilt Fund - Growth	4.84	4.88	4.83	4.58	4.86	0.22	-8.54
Chola Gilt Investment - Growth	4.83	5.19	7.89	5.44	4.57	0.76	-2.86
ING Vysya Gilt Fund - Growth	4.42	4.34	4.25	3.95	4.40	0.28	-8.43
Libra Gilt Fund - Growth	3.71	3.24	3.81	2.88	3.74	0.30	-9.91
JM G Sec Regular Plan - Growth	3.50	7.59	4.33	3.88	5.00	2.72	-0.64
Average	14.77	6.21	10.92	7.53	15.45	7.61	-0.53

* Sharpe Ratio = $\frac{\text{November Rolling Return \%} - \text{Risk free rate}}{\text{November Volatility}}$

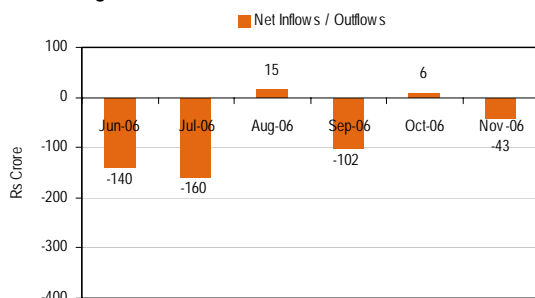
Note: All figures are annualised.
Schemes have been divided into quartiles in descending order of November annualised returns.

Risk free rate = 1 Year to 3 Year Term Deposit Rate

Portfolio details as on November 30, 2006

Scheme Name	Cash / Call (%)	CP/CD/MM (%)	1 To 5 Years (%)	5 To 9 Years (%)	9 To 15 Years (%)	15 To 20 Years (%)	> 20 Years (%)	Fund Size (Rs Cr)	Average Maturity (years)
Birla GPRP - Growth	20.94	N.A	0.00	0.00	0.00	0.00	6.26	60.62	7.64
Birla SunLife G Sec Fund - LT - Growth	100.00	N.A	0.00	0.00	0.00	0.00	0.00	2.30	N.A.
BOB Gilt Fund - Growth	N.A	N.A	0.00	0.00	0.00	0.00	0.00	4.60	N.A.
Cangilt PGS - Growth	0.28	61.65	0.00	0.00	38.07	0.00	0.00	79.66	3.73
DBS Chola Gilt Investment - Growth	100.00	N.A	0.00	0.00	0.00	0.00	0.00	2.64	N.A.
DSP ML G Sec Fund Plan A Long Duration - (G)	21.10	8.59	9.71	0.00	60.59	0.00	0.00	33.36	N.A.
Escorts Gilt Plan - Growth	N.A	N.A	0.00	0.00	0.00	0.00	0.00	9.02	N.A.
Grindlays G Sec Fund - Investment - Plan A - Growth	16.27	N.A	0.00	19.19	29.92	0.00	9.42	5.25	8.63
HDFC Gilt Fund - L T P - Growth	39.76	20.73	20.52	18.99	0.00	0.00	0.00	39.46	2.06
ING Vysya Gilt Fund - Growth	N.A	100.00	0.00	0.00	0.00	0.00	0.00	0.04	N.A.
JM G Sec Regular Plan - Growth	N.A	100.00	0.00	0.00	0.00	0.00	0.00	4.71	0.01
Kotak Gilt - Investment Regular Plan - Growth	46.73	5.70	15.38	0.00	8.94	23.25	0.00	35.10	5.31
Libra Gilt Fund - Growth	N.A	100.00	0.00	0.00	0.00	0.00	0.00	0.34	N.A.
LIC G Sec Fund - Growth	3.01	N.A	96.99	0.00	0.00	0.00	0.00	62.92	2.74
PRINCIPAL G Sec - Investment - Growth	13.16	N.A	45.00	0.00	25.64	0.00	0.00	20.39	3.14
Prudential ICICI GFIP - Growth	-4.80	N.A	46.87	0.00	9.71	33.14	15.09	107.75	11.53
Reliance G Sec Fund - LTP - Retail - Growth	47.86	N.A	0.00	0.00	52.14	0.00	0.00	44.09	5.29
Sahara Gilt Fund - Growth	100.00	N.A	0.00	0.00	0.00	0.00	0.00	0.16	0.00
SBI Magnum Gilt LTP - Growth	37.87	1.73	5.59	0.36	32.65	0.00	21.81	273.42	10.29
Sundaram BNP Paribas Gilt Fund - Growth	99.88	N.A	0.00	0.00	0.00	0.00	0.00	1.32	0.00
Tata Gilt High Investment Fund - Growth	N.A	N.A	0.00	0.00	0.00	0.00	0.00	--	N.A.
Tata Gilt Securities Fund - Growth	24.90	0.25	14.44	4.67	9.05	0.00	9.44	224.60	8.48
Templeton GSF - Composite Plan - Growth	32.71	N.A	34.19	0.00	32.19	0.00	0.00	136.96	4.44
Templeton India GSF - LTP - Growth	30.97	N.A	9.49	0.00	59.54	0.00	0.00	56.90	6.43
UTI Gilt Advantage Fund - L T P - Growth	28.34	N.A	0.00	17.39	54.27	0.00	0.00	56.64	7.81
UTI G-Sec Fund - Growth	7.30	N.A	25.90	17.92	18.97	0.00	0.00	136.89	3.92
Average	38.31	44.29	12.46	3.02	16.60	2.17	2.39	55.97	5.08

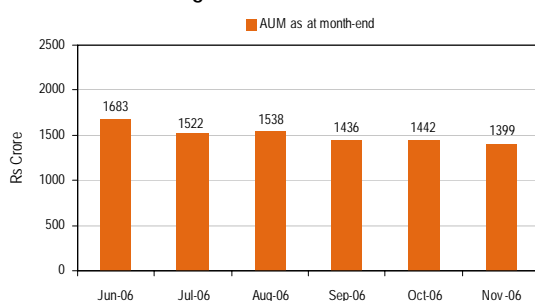
Net change in assets of LT Gilt Funds



Note: Figure shows fund flows for 26 schemes.

Source: IDBI Capital Market Services

Assets under management of LT Gilt Funds



Note: Figure shows assets for 26 schemes.

Source: IDBI Capital Market Services

	Nov. 30 '06	Oct. 31 '06
Long-term Gilt Fund Indicators		
Growth Option:		
Point-to-Point Return	14.77	6.21
7-days over 1 month Rolling Return	15.45	5.61
Volatility	7.61	5.21
G-sec Market Indicators		
5 yr g sec yields	7.31	7.47
10 yr g sec yield	7.42	7.63
15 yr g sec yield	7.58	7.84
20 yr g sec yield	7.69	8.07

Note: All figures are annualised %.

Source: IDBI Capital Market Services

Fund Flows

Apprehending a correction in G-secs after the sharp rally, investors withdrew money from Long Term Gilt Funds during November. The category AUM fell by Rs. 43 cr and as at the end of the month, stood at Rs. 1,399 cr. This accounted for only 0.6% of industry assets (with reference to our universe of schemes).

Top AUM gainers in November 2006

(Rs Cr)

	Net Inflow in Nov.	Corpus as on Nov. 30, '06
Prudential ICICI GFIP - Growth	12.85	107.75
Reliance G Sec Fund - LTP - Retail - Growth	3.49	44.09
Tata Gilt Securities Fund - Growth	0.87	224.60
UTI Gilt Advantage Fund - L T P - Growth	0.73	56.64
Templeton India GSF - LTP - Growth	0.65	56.90

Top AUM losers in November 2006

(Rs Cr)

	Net Outflow in Nov.	Corpus as on Nov. 30, '06
Cangilt PGS - Growth	-27.04	79.66
Sahara Gilt Fund - Growth	-5.83	0.16
UTI G-Sec Fund - Growth	-5.16	136.89
PRINCIPAL G Sec - Investment - Growth	-4.85	20.39
SBI Magnum Gilt LTP - Growth	-4.70	273.42

Returns Analysis

Over the month, the yield curve shifted downwards tracking a reduction in yields across the maturity spectrum. The yield on the benchmark 10-yr 7.59% GOI 2016 declined by 21bps to close at 7.42%, while that on the equally popular 8.07% GOI 2017 security eased by 24bps taking it to 7.42%. The fall was sharper at the far end of the curve. The yield on the 20-yr 10.18% GOI 2026 paper declined by 38bps, while that on the benchmark 30-yr 8.33% GOI 2036 security receded by a whopping 50bps to close the month at 7.61%.

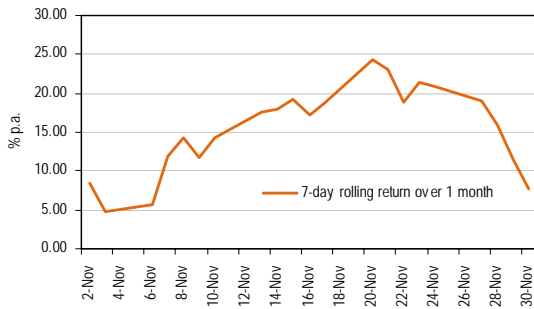
November also witnessed a flattening of the yield curve as term spreads contracted on account of sharper easing of longer maturities.

During the month of November, the Long Term Gilt Funds category registered an astounding average annualized return of 14.77%, markedly higher than the comparable October return of 6.21%. The 6-month average annualized return was noted at 7.53%, while November rolling returns clocked in at 15.45%. The volatility of returns, as measured by the Standard Deviation, stood at 7.61, and the Sharpe Ratio for the category was seen marginally negative at -0.53.

Portfolio Review

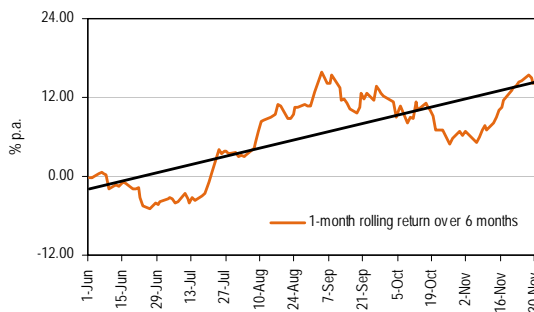
As at the end of November, Long Term Gilt Funds had an average exposure of 38.31% to overnight markets, sharply lower than the level of around 44% seen at the end of October. The allocation to the CP / CD segment declined significantly from around 50% to 44.29% between the two months. In November, there was a shift from paper of short maturity to securities of medium tenor. The highest allocation was to the 9-15 years segment at 16.60%, while the second most preferred category comprised securities of 1-5 years maturity and accounted for 12.46% of average net assets. The average maturity increased notably from 3.16 years as at the end of October to 5.08 years as at the end of November.

7-day rolling returns over 1-month



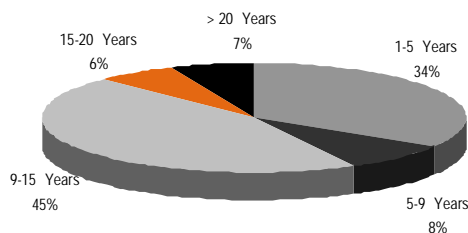
Source: IDBI Capital Market Services

1-month rolling return over 6-months



Source: IDBI Capital Market Services

Maturity Profile as on 30 November 2006



Source: IDBI Capital Market Services

G-sec maturity profile	5-9 years	9-15 years	15-20 years	>20 years
November 30	3.02	16.60	2.17	2.39
October 31	2.39	9.33	0.00	2.38

Note: All figures are as a % of net assets
 Source: IDBI Capital Market Services

Outlook

The G-secs market traded buoyant over November. The major cues emanated from the declining prices of global crude and the falling yields of US Treasuries. In the beginning of the month, sentiment was slightly cautious with concerns over inflationary pressures and tight liquidity. However, liquidity improved subsequently, thereby easing the pressure on yields. The market also sought comfort from the mild reduction in prices of petrol (Rs. 2) and diesel (Re.1) in response to lower prices of oil. Moreover, markets also drew sustenance from RBI Deputy Governor Mr. Rakesh Mohan's remark indicating monetary easing in the medium term. However, there was a slight cloud on sentiment on news of the record high GDP growth in Q2FY07, which market participants interpreted to imply a potential resurgence of inflationary pressures.

The downside to G-secs is now becoming apparent. The market has risen sharply over the past couple of months and the rally clearly appears overdone. The yields have tested multi-month lows and a correction seems eminently due. Firstly, inflation has started edging higher, with the WPI reading for the week ended November 18th standing at 5.45%. As such, inflation is now within touching distance of the RBI's upper band of projected trajectory of 5% - 5.5%. Secondly, with expectations of advance tax outflows estimated to be around Rs. 25,000 cr in December, liquidity may experience constraining pressures. Thirdly, US Treasuries are testing 11-month lows and the market is apprehending profit booking, which will induce a sell-off. This will likewise be a trigger for domestic G-secs as well, though the magnitude may be slightly subdued in comparison. Lastly, persistent supply pressures in the form of about Rs. 40,000 cr worth auctions in the remainder of the fiscal year will also impact yields. The only redeeming feature for G-secs appears to be the SLR demand of Banks raising fresh deposits. This will possibly, to some extent, ameliorate the impact on the gilt curve in the event of a correction.

In the ultimate analysis, we advise caution on the G-secs market.

Schemes Watch

We currently advise investors to withhold fresh investments in the Long Term Gilt Funds category.

MIP-invest predominantly in debt instruments and 10%-20% in equity

December Outlook Negative

No. of schemes studied	34	November Return	14.72%
Avg Maturity (on November 30)	2.17yrs	November AUM*	Rs 5,815cr

* For the schemes studied below

Growth Option – Scheme-wise Returns and Volatility

Scheme Name	November Annualised Returns (%)	October Annualised Returns (%)	3 Month Annualised Returns (%)	6 Month Annualised Returns (%)	Nov. Rolling Returns (%)	Nov. Volatility	Nov. Sharpe Ratio *
Quartile I							
ABN AMRO MIP - Growth	43.73	19.16	27.53	17.63	35.18	21.61	1.32
Cancigo - Growth Plan	40.14	18.81	30.85	23.06	39.09	25.89	1.25
UTI - MIS - Advantage Fund - Growth	25.51	19.75	22.54	17.79	26.30	16.67	1.17
LIC MIP - Cumulative	23.36	13.23	17.14	15.86	21.28	9.53	1.52
Prudential ICICI Income Multiplier Fund - Cumulative	20.96	15.91	22.68	17.93	21.55	15.54	0.95
Quartile II							
HSBC MIP - Savings Plan - Growth	20.92	21.03	21.17	19.04	23.06	14.92	1.09
Reliance MIP - Growth	19.38	21.41	18.44	15.52	19.67	14.61	0.88
DWS MIP Fund - Plan A - Growth	18.17	25.72	20.12	14.45	23.26	20.39	0.81
Prudential ICICI MIP - Cumulative	17.62	14.70	17.52	13.82	18.01	7.60	1.48
Birla MIP II - Wealth 25 - Growth	16.61	20.99	21.94	17.21	19.34	13.58	0.93
Chola Monthly Income Plan - Growth	16.54	12.02	16.38	11.47	14.20	12.86	0.58
Quartile III							
ING Vysya MIP - Plan B - Growth	14.70	14.23	17.73	8.58	18.84	16.96	0.71
Birla SunLife MIP - Growth	14.35	18.48	22.51	15.50	18.22	12.05	0.95
Tata MIP Plus - Growth	14.12	13.21	12.67	10.87	14.65	14.53	0.54
Kotak Income Plus - Growth	14.09	10.12	12.53	7.26	12.86	11.33	0.54
HSBC MIP - Regular Plan - Growth	14.06	15.76	14.97	14.04	15.71	10.16	0.88
DSP ML Savings Plus - Aggressive Fund - Growth	13.81	15.97	18.14	16.94	19.79	18.99	0.69
Quartile IV							
Birla MIP - Growth	13.68	15.61	19.26	15.88	15.30	11.74	0.73
DSP ML Savings Plus - Moderate Fund - Growth	13.10	11.90	14.11	13.18	15.41	12.55	0.69
PRINCIPAL MIP Plus - Growth	12.05	12.41	16.25	11.68	13.86	10.90	0.65
FT India MIP - Plan A - Growth	12.05	20.71	19.20	17.50	14.62	14.69	0.54
PRINCIPAL MIP - Growth	11.56	9.78	13.46	9.04	12.35	7.17	0.78
BOB MIP Fund - Growth	11.40	5.52	7.38	6.15	9.88	9.33	0.34
Average	14.72	14.63	16.24	12.98	15.81	12.88	0.64

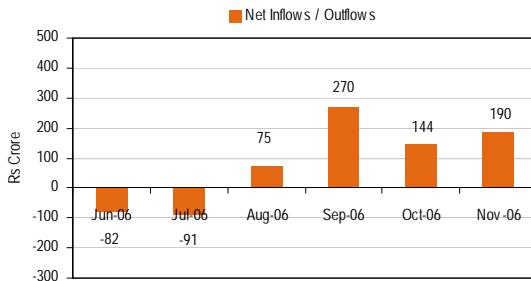
* Sharpe Ratio = $\frac{\text{November Rolling Return \%} - \text{Risk free rate}}{\text{November Volatility}}$
 Risk free rate = 1 Year to 3 Year Term Deposit Rate

Note: All figures are annualised.
 Schemes have been divided into quartiles in descending order of November annualised returns.

Portfolio details as on November 30, 2006

Scheme Name	Equity (%)	G-Sec (%)	Bonds (%)	CP/CD/MM (%)	Cash/Call (%)	Fund Size (Rs Cr)	Debt Avg. Maturity (years)
ABN AMRO MIP - Growth	16.68	N.A	51.64	N.A	4.56	53.10	2.60
Birla MIP - Growth	14.05	25.65	49.56	N.A	8.00	189.16	3.25
Birla MIP II - Wealth 25 - Growth	18.35	25.60	49.04	N.A	7.01	110.38	3.11
Birla SunLife MIP - Growth	15.22	38.75	39.39	1.48	5.16	131.14	3.72
BOB MIP Fund - Growth	N.A	N.A	N.A	N.A	N.A	0.06	N.A.
Cancigo - Growth Plan	26.25	N.A	N.A	68.52	N.A	9.35	0.29
DBS Chola Monthly Income Plan - Growth	18.30	N.A	6.07	72.84	2.79	6.80	N.A.
DSP ML Savings Plus - Aggressive Fund - Growth	21.64	N.A	3.30	22.08	4.47	62.48	N.A.
DSP ML Savings Plus - Moderate Fund - Growth	15.40	N.A	5.17	8.83	2.46	199.32	N.A.
DWS MIP Fund - Plan A - Growth	16.11	22.77	17.24	N.A	43.88	7.09	7.59
FT India MIP - Plan A - Growth	19.77	N.A	47.41	22.30	6.50	653.71	1.77
HSBC MIP - Regular Plan - Growth	10.38	N.A	37.45	N.A	7.72	55.95	0.84
HSBC MIP - Savings Plan - Growth	17.14	N.A	36.07	3.16	4.57	78.73	0.81
ING Vysya MIP - Plan B - Growth	11.92	25.56	4.99	57.52	N.A	6.14	N.A.
Kotak Income Plus - Growth	17.37	N.A	68.33	10.76	3.09	111.53	0.13
LIC MIP - Cumulative	19.92	N.A	69.39	N.A	10.66	192.15	0.50
PRINCIPAL MIP - Growth	10.03	8.66	51.27	N.A	5.16	64.20	3.32
PRINCIPAL MIP Plus - Growth	14.10	4.11	40.60	N.A	7.91	23.97	2.99
Prudential ICICI Income Multiplier Fund - Cumulative	25.09	9.11	36.82	7.24	1.95	509.25	2.65
Prudential ICICI MIP - Cumulative	13.95	23.00	41.98	2.71	6.18	709.61	3.13
Reliance MIP - Growth	16.08	2.62	44.27	3.53	21.54	514.31	1.32
Tata MIP Plus - Growth	18.33	30.13	31.79	N.A	19.74	59.45	3.61
UTI - MIS - Advantage Fund - Growth	23.41	8.49	39.83	12.46	10.48	112.58	1.01
Average	16.08	16.94	42.20	23.15	9.08	171.03	2.17

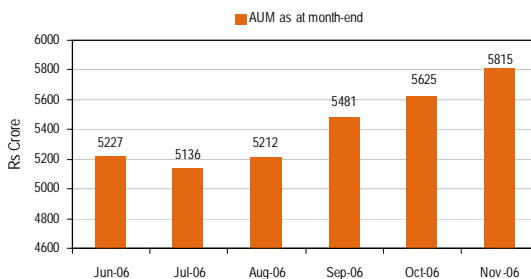
Net change in assets of MIP schemes



Note: Figure shows fund flows for 34 schemes.

Source: IDBI Capital Market Services

Assets under management of Monthly Income Plans



Note: Figure shows assets for 34 schemes.

Source: IDBI Capital Market Services

	Nov. 30, '06	Oct. 31, '06
MIP Indicators		
Growth Option:		
Point-to-Point Return	14.72	14.63
7-days over 1 month Rolling Return	15.81	15.86
Volatility	12.88	12.95
G-sec Market Indicators		
1 yr g-sec yield	6.93	7.00
3 yr g sec yield	7.19	7.22
5 yr g sec yield	7.31	7.47
Corporate Bond Market Indicators		
5 yr AAA spreads	113bps	92bps
Equity Market Indicators		
BSE Sensex	5.09	4.82
S& P CNX Nifty	4.98	4.89

Note: All figures are annualised %. Equity market indicator are absolute %.

Source: IDBI Capital Market Services

Fund Flows

During November, MIP schemes witnessed net accretion to AUM to the tune of Rs. 190 cr, taking the category AUM to Rs. 5,815 cr (as at the end of November). This accounted for about 2.3% of industry assets (with reference to our universe of schemes).

Top AUM gainers in November 2006

(Rs Cr)

	Net Inflow in Nov.	Corpus as on Nov. 30, '06
HDFC MIP - LTP - Growth	69.20	1120.72
Reliance MIP - Growth	51.36	514.31
Prudential ICICI Income Multiplier Fund-Cumu.	33.17	509.25
LIC MIP - Cumulative	25.64	192.15
Prudential ICICI MIP - Cumulative	21.09	709.61

Top AUM losers in November 2006

(Rs Cr)

	Net Outflow in Nov.	Corpus as on Nov. 30, '06
UTI - MIS - Advantage Fund - Growth	-10.49	112.58
SBI Magnum MIP - Floater - Growth	-7.40	47.38
Birla MIP - Growth	-5.36	189.16
DSP ML Savings Plus - Moderate Fund - Growth	-5.34	199.32
ABN AMRO MIP - Growth	-4.75	53.10

Returns Analysis

Over the month of November, MIP schemes delivered an average annualized return of 14.72%, only marginally higher than the October return of 14.63%. The 6-month annualized returns clocked in at an average of 12.98%, and November rolling returns were seen at 15.81%. The volatility of returns was registered at 12.88, while the Sharpe Ratio for the category was noted at 0.64.

Portfolio Review

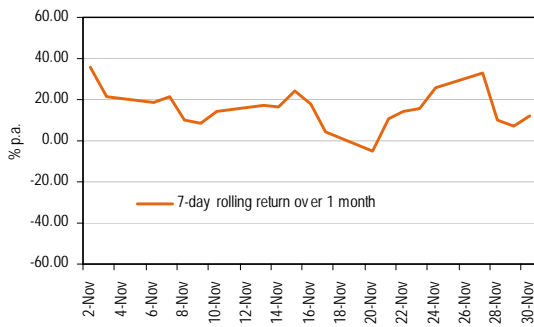
Between the months of October and November, MIP schemes maintained around 16% allocation to equities. The average exposure to G-secs increased significantly from 8.75% in October to 16.94% in November. The average allocation to Bonds remained more or less constant at around 42% - 43% between the two months. The percentage of average net assets invested in the CP / CD segment saw an increment from 14.89% in October to 23.15% in November. In case of exposure to overnight markets, MIP schemes saw the share of investments decline from 11.47% to 9.08% between the two months. The average maturity of the portfolios increased marginally from 2.10 years as at the end of October to 2.17 years as at the end of November.

Asset allocation	Equity	G-Sec	Bonds	Cash/Call
November 30	16.08	16.94	42.20	9.08
October 31	16.18	8.75	43.94	11.47

Note: All figures are as a % of net assets

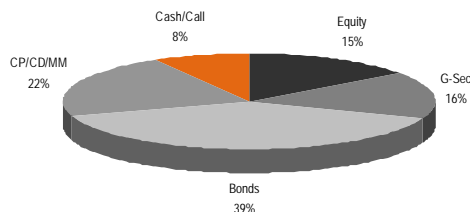
Source: IDBI Capital Market Services

7 day rolling returns over 1 month for MIP schemes



Source: IDBI Capital Market Services

Asset Allocation as on 30 November 2006



Source: IDBI Capital Market Services

Outlook

The performance of MIP schemes depends on the underlying Debt and Equity Markets. While our outlook on equities over the longer horizon remains optimistic, we feel Debt Market sentiment will be subdued for sometime going forward.

Currently, benchmark equity indices are scaling new highs. With the BSE Sensex traversing the distance between 13,000 and 14,000 in a mere 26 trading sessions, the sentiment is seemingly bullish. Corporate earnings have maintained momentum and market participants have started discounting FY08 earnings as well. The flow of positive news is consistently corroborating the India growth story and the economy's fundamentals remain strong. As a matter of fact, according to recently released figures, GDP growth for Q2FY07 clocked in at a record high 9.2%. Also, IIP figures sustained their momentum of the past few months, clocking in at a high of 11.4% for September. As has been the case for sometime now, the net positive inflows from FIIs remained encouraging. Over the month of November, FIIs pumped in a record \$2036.90 mn into Indian equities, registering the second highest inflow over the last 11 months.

However, there is a downside also. The current rally seems to be led by big-ticket investments in select heavy-weight scrips. Though there are indications that FIIs are now considering the small and mid cap counters in anticipation of super-normal returns, the fact remains that both BSE Midcap and BSE Small cap indices are languishing much below the level touched prior to the May meltdown. Also, there is sector-specific action only which would need to be diversified to other market segments for the rally to sustain and the market to be fairly priced. The market is technically weak also as reflected in low volumes and weak breadth. As such, the road forward promises to be volatile. However, despite the negatives, we remain bullish on equities with a long-term perspective.

As far as Debt Markets are concerned, we advise abundant caution. The G-sec market has rallied over the past couple of months and yields have actually touched levels seen prior to the twin hikes in June and July this year. We are of the opinion that the rally has exceeded fundamentals and perhaps a correction is imminent. Though it may be mentioned here, that given the potent thrust by Banks to raise deposits (against the backdrop of the hike in repo rate in October which would make the RBI's LAF repo facility more expensive), there is likely to be demand for G-secs to meet SLR commitments. This may sustain the gilt curve for sometime going forward. However, significant negatives remain on the horizon.

Inflation has started edging higher and is poised to test the upper limit of RBI's ambit of comfort at 5% - 5.5%. The domestic inflation story seems to be led largely by the prices of primary articles, especially food items. However, even if we consider core inflation figures, there seems to be cause for concern. Core inflation has risen from 1.96% as at the start of the current fiscal to 4.76% as noted on November 18th. Adding to demand-pull inflationary pressures is the high growth of credit, which is in turn fuelling money supply. The growth in money supply, as measured by M3, stood at 18.7% as on November 10th, far higher than the RBI's projected trajectory of around 15%. Moreover, deposit mobilization has failed to match pace with credit growth, causing an escalation of real rates. On the liquidity front, though the situation is comfortable at present, there may be some pressure in December due to outflows through advance tax payments. This would once again put pressure on rates.

On a net basis, we feel the RBI may hike its benchmark rates once again in the current fiscal. This would likely send yields and interest rates scaling higher. As such, we maintain our bearish stance on Debt Market investments.

Schemes Watch

We currently advise investors to refrain from committing fresh funds to the MIP category.

Review of November Schemes Watch

Fund Category	Last month's Outlook	Outcome	Last month's Schemes Watch	Outcome
		Nov. returns (%)		Nov. returns (%)
Liquid	Positive	7.02	<ul style="list-style-type: none"> LIC MF Liquid Fund - Growth Sundaram BNP Paribas Money Fund - Super Institutional Plan - Growth UTI Liquid Fund - Cash Plan - Institutional - Growth 	7.46 7.16 7.34
ST Floaters	Positive	6.97	<ul style="list-style-type: none"> DBS Chola Short Term - FRF - Cumulative LIC MF Floating Rate Fund - ST - Growth Prudential ICICI FRF - Plan D - Growth 	7.45 7.90 7.09
LT Floaters	Neutral	7.06		
ST Debt	Negative	7.37		
LT Debt	Negative	11.18		
LT Gilt	Negative	14.77		
MIP	Negative	14.72		
Diversified Equity	Neutral	4.42	<ul style="list-style-type: none"> DSP ML Opportunities Fund - Growth Franklin India Prima Plus - Growth Prudential ICICI Infrastructure Fund - Growth SBI Magnum Global Fund 94 - Growth Sundaram BNP Paribas CAPEX Opportunities Fund - Growth 	5.17 3.80 5.88 10.83 5.79
ELSS	Positive	4.24	<ul style="list-style-type: none"> Birla SunLife Capital Tax Relief 96 HDFC Tax saver - Growth SBI Magnum Tax Gain Scheme 93 	2.51 4.16 7.87
Balanced Funds - Eo	Neutral	2.47	<ul style="list-style-type: none"> FT India Balanced Fund - Growth HDFC Prudence Fund - Growth SBI Magnum Balanced Fund - Growth 	2.77 3.49 6.18
Balanced Funds - Do	Negative	2.52		

Note: All figures are annualised %. Figures for Growth Funds, ELSS Funds and Balanced Funds are absolute %.

Notes: Information on Entry to / Exit from stocks of companies and Top Ten company holdings for each Diversified Equity scheme will be available on request by e-mail.

RISK FACTORS

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