

# Investment Review

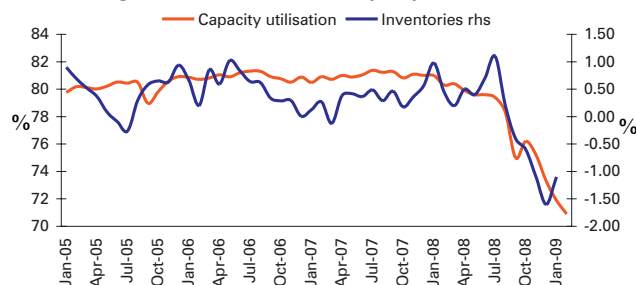
## Mutual Fund Synopsis\*

### Global economy getting bleaker

Recession shows tentative signs of moderating but financial conditions remain an obstacle to renewed growth. Policy stabilization efforts have stepped up in the past month, but this is in part a measure of uneven success with actions to date and a growing desire to head off deflationary undercurrents. Recent fiscal measures will add about 2% to GDP over two years, not enough to stop rising unemployment. The Fed's latest moves to buy Treasuries and further expand its balance sheet are primarily directed at bolstering broad financial conditions and credit markets specifically. Nonetheless, as financial conditions loosen, the Fed would likely to allow some cyclical pressures on Treasury yields to show through. Pronounced weakness in economic activity lately has been dominated by firms' attempts to realign inventories and prepare for slow demand ahead. But the free fall in consumer spending appears to have ended. Erosion in household wealth and rising joblessness will continue to check any rebound. Fiscal measures just legislated are expected to steady economic activity later this year, but strains on state and local budgets may offset some of that boost. The Organization for Economic Co-operation and Development (OECD) said it expects the economies of its 30 member countries to contract 4.3% this year, rather than by the 0.4% it had forecast last November. "The global recession will worsen this year before a policy-induced recovery gradually builds momentum through 2010," the OECD said in its report.

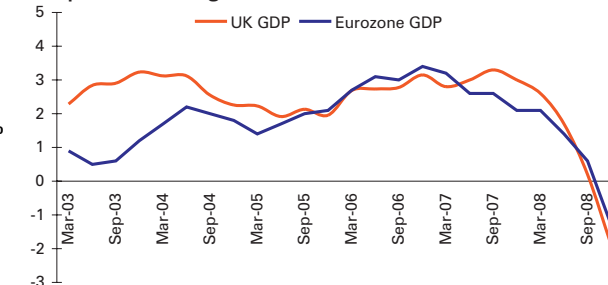
In eurozone, available activity data suggest that the first-quarter decline in GDP is even larger than the sharp contraction at the end of 2008. Record low business and consumer sentiment readings signal a further fall in activity in coming quarters. Taking this into account, the IMF is revising down forecast for 2009 GDP from -2.8% to -4.3%. They expect stabilization in economic activity at the end of this year and a gradual recovery next year. Sharply falling exports and declining domestic demand are the main drivers of the deepening recession. Tighter financing conditions contribute to the expected plunge in capital expenditures and large cuts in employment. A huge loss in net wealth will be a drag on consumption. While we expect that the fiscal stimulus measures would support economic activity in the second half of the year, there remain doubts that the fiscal measures (including the bank rescue programs) are large enough to offset the negative impact from the credit crunch. Expected

### US facing headwinds to ramp up



Source: Bloomberg, ICICI Bank

### Europe fails to gain traction



Source: Economist

increases in debt ratios in some member countries have contributed to a substantial widening of sovereign bond spreads. While Eurozone officials highlight the willingness to support euro area countries with financing difficulties they have not able to agree on specific measures so far. The deepening recession and the recent strengthening of the euro will contribute to a large fall in inflation and raises risks of deflation.

The UK economy continues to contract at an alarming speed. IMF now expects GDP to fall by 4-5% this year, versus its forecast last month of a 3-4% drop. This will be by far the biggest drop in over 60 years, led down by sharp declines in consumer spending and investment. Net trade will probably add to growth, because of declining imports. But, with recession among most UK trading partners, exports also are likely to fall sharply, even with the weak pound. The UK's huge debt-fueled boom over recent years has left a legacy of high debts and high debt service among households and businesses, very low household savings, and overextended banks. The resultant unwinding and deleveraging now is likely to be an extended drag on the economy. The authorities have responded with huge monetary and fiscal stimulus. So far, however, these measures - though unprecedented in range and scale - have not succeeded in producing sufficient improvement in the cost and availability of credit to get the economy back on the road to recovery. In particular, the effectiveness of Quantitative Easing may be blunted to an extent by the pressure on banks to hold more reserves, and by the extent to which lower gilt yields raise pension fund deficits.

\*Kindly read the disclaimer given at the end of the report

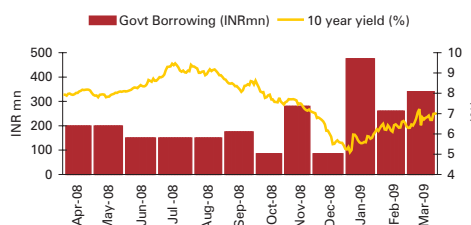
As world leaders assemble in London for the Group of 20 summit on 1<sup>st</sup> April'09, the latest evidence of the severity of the economic crisis emerged from Asia on the same day, with business confidence in Japan plummeting to a record low, South Korean exports falling for a fifth consecutive month and a manufacturing index deteriorating in China. Monthly tracking data indicate that Japan's GDP probably is contracting at an annual rate of 14%-15% in the first quarter, which would be even sharper than the 12.1% decline in the fourth quarter. The so-called Tankan survey in Japan – a closely watched quarterly poll by the Bank of Japan measuring sentiment among big manufacturers – plunged to -58 in March from -24 in December, the lowest since the survey began in 1974. The reading, which was worse than economists had projected, comes as Japan's economy continues to shrink amid tumbling exports and weak domestic demand. Japan's exports, which make up about one-third of the overall economy, nearly halved in January and February, in part because the yen's strength had made Japanese goods more expensive for consumers abroad. South Korea also has had to grapple with falling exports – though the pace of decline has been much less severe than in Japan. Prime Minister Taro Aso has pledged to compile an added stimulus package by mid-April, adding to two already-announced plans totaling USD 101bn. And in China, a purchasing managers index compiled by the brokerage CLSA slipped back in March, to 44.8, down from 45.1 in February, snapping a three-month streak of tentative improvement. It was the eighth month in a row that the reading came in below 50, which marks the dividing line between expansion and contraction. This discouraging data follows downward revisions of several leading institutions' growth forecasts for the year.

In India, while trends in auto, cement, steel, and retail sales in February are positive (ahead of expectations), indicators across sectors (real estate, freight and port traffic) and macro data (credit growth and tax collections) continue to be worrying. Monetary trends remain unchanged. The deceleration in loan growth is likely to continue due to weakening activity and banks being cautious due to fear of rising nonperforming loans. Continuous weak macro data coupled with possible negative inflation could result in the central bank easing rates by an additional 100bps. However, higher issuances will keep the pressure on bond yields. While medium-term fundamentals (relatively higher growth and improvement in the trade deficit) are USD/INR supportive, risk aversion and deleveraging are near-term determinants. India's 714 mn voters will go to polls in five phases from 16<sup>th</sup> April'09 to 13<sup>th</sup> May'09. While the base case is that of a Congress or BJP-led alliance, recent developments make the likelihood of a Third Front a distinct possibility that could have implications for political stability.

#### Bonds dip on supply concerns and rising oil prices

Despite the rate cut by RBI, benign inflationary environment, repurchase of debt from investors in open market operation (OMO), significant slow down in the credit off take, low Index of Industrial Production (IIP) numbers and moderation in growth, bonds shed their gains and yields lurched forward and shifted focus to rising international oil prices and fresh issuance concerns. Bond prices plummeted by over 100bps as the Government announced a higher-than-expected borrowing for the first half of the next fiscal. The RBI announced the much-awaited borrowing calendar on 26<sup>th</sup> March. The total borrowing for the first half of the next fiscal year is pegged at INR 2.41trn, two-thirds of its full-year target, further raising fears in an already nervous market. The first quarter borrowing is stated around INR 480bn per month and the second quarter of the fiscal is likely to see a borrowing of INR 320bn every month. Along with the borrowing calendar, RBI simultaneously announced the OMO calendar, proposing to buy back government securities of INR 800bn in the first half of 2009-10. Providing additional liquidity to the banking system, the RBI also proposed to unwind Market Stabilisation Scheme (MSS) securities worth INR 420bn in the first half of the calendar. Furthermore, in the first half of the fiscal, G Sec amounting to around INR 330bn is due for redemption and would also see coupon inflows of around INR 680bn. Rather than the quantum, the fact that most of the borrowings are slated at the longer end of the curve is more worrying for the market players.

#### Yield harden with higher than expected borrowing



Source: RBI, Thomson Reuters  
 Note: Monthly borrowing numbers does not include INR 450bn cash transfer from the RBI to the Government out of an intervention cash pool

Inflation continued its declining trend, inching closer to the zero percent mark for the eighth straight week and fell to another historic low of 0.27% for the week ended March 14. The decline is mainly attributed to a high base effect. This is the lowest rate of inflation since annual numbers in the current index started in April 1995. The previous low was of 1.13% on February 2, 2002. Inflation is expected to turn negative in the coming weeks on high base effect and fall in primary article prices, although the government vehemently ruled out the possibility of a demand contraction. Liquidity in the system in terms of average daily reverse repo subscriptions came down during the month to the tune of INR 372.24bn as against 546.28bn compared to the previous month on advance tax outflows. Some banks took advantage of repo window to the tune of INR 144.05bn in the last three days of the month for meeting year-end liquidity requirements. Overnight rates moved up on tightening liquidity and were trading around 4.5-5.1% levels.

Bond yields rose across the curve during the month, as investors sold G Sec ahead of the fiscal year end and the RBI's bond buyback plan was also not sufficient to restore their confidence. Fears of massive government borrowing had pushed the 10-year benchmark, 6.05% 2019 yields up 100bps in the month of March to 7.01%, even as the central bank cut its key lending rate by 50bps. Tight liquidity conditions resulted in hardening of yields at the shorter end of the curve while the longer end remained under pressure owing to large sized market borrowings of the government. Corporate bond yields moved up at a slower pace while credit spreads came off on higher

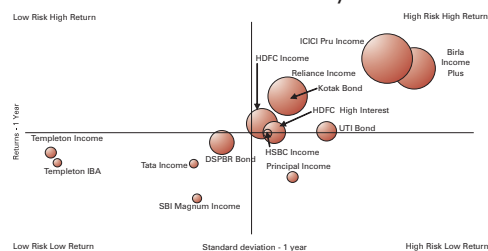
government bond yields. The yields on 5 year AAA corporate bond moved higher by 11bps to close the week at 8.51%. The spread between the benchmark 5 year AAA corporate bond yield over the 5 year benchmark government bond contracted by 75bps to 175bps. On 31<sup>st</sup> March, corporate bond yields fell by 17bps as investors bought aggressively on the last day of the financial year 08-09.

**Outlook:** With the high borrowing target, the outlook for bonds appears dim and yields are likely to harden further till the first few auctions go through. Bond issuance could surprise on the upside given that the odds of further fiscal slippage is high, keeping the upward pressure on yields. Inflation is likely to fall below 0%, but the consumer price index is still in double digits and therefore a situation of demand contraction is unlikely. The persistent decline in inflation has fuelled hopes that the RBI would further ease money supply to boost economic growth. With no fresh corporate bond supplies expected for at least 2-3 weeks in FY10, yields are expected to fall from the current level while spreads will move in tandem with government bond yields. The additional liquidity through coupon flows and RBI bond purchases will fuel demand for government bonds and bond yields should trend down on easing absorption concerns. However, the market is not used to such large supply and will take time to adjust, leading to choppiness in yields in the near term. Given the volatile debt market scenario, we advise our clients to consider short term and liquid funds. Those who have already invested in Gilts and Income Plans are advised to hold on to their investment until clarity emerges.

### Income Funds

Income Funds delivered subdued returns in the range of -2.07% to 0.364% for the month of March'09. The yields on 5 year AAA corporate bond moved higher by 11bps to close the month at 8.51%. Corporate bond yields moved up at a slower pace while credit spreads came off on higher government bond yields. The spread between the benchmark 5 year AAA corporate bond yield over the 5 year benchmark government bond contracted by 75bps to 175bps. Though corporate bond spreads have come off from their previous highs, they still remain elevated compared to historical standards and have scope of further compression. So aggressive investors could invest in Income Funds from 6-9 months perspective. However they exhibit higher volatility as compared to other debt funds.

#### Relative Risk Return Analysis



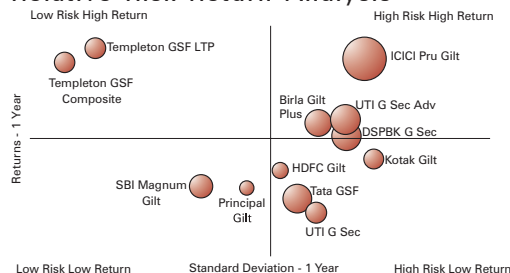
Source: ICICI Bank

HSBC Income Fund took higher risk by maintaining huge allocation in G Sec and has moved from Low Risk High Return quadrant to High Risk Low Return quadrant as it has not been able to deliver returns commensurate with the risk taken. Both the funds of Templeton, SBI Magnum Income and Tata Income Fund have maintained their position in the Low Risk Low Return as these funds have relatively underperformed its peers. All other funds continue to maintain their position in the risk return matrix.

### Gilt Funds

Gilt Funds delivered lower returns in the range of -3.47% to 0.28% for the month of March'09. Bond yields rose across the curve as the Government announced a higher-than-expected borrowing for the first half of the next fiscal. The yields on 10-year benchmark, 6.05% 2019 moved up by 100bps to close the month at 7.01%, even as the central bank cut its key lending rate by 50bps. Tight liquidity conditions resulted in hardening of yields at the shorter end of the curve while the longer end remained under pressure owing to large sized market borrowings of the government. Investors should avoid Gilt Funds at this juncture.

#### Relative Risk Return Analysis



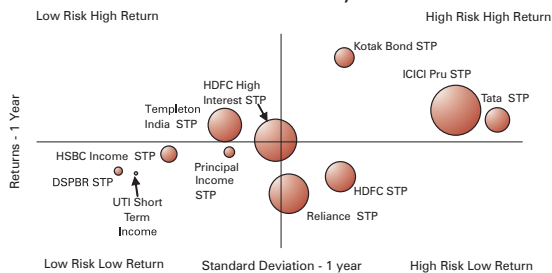
Source: ICICI Bank

HDFC Gilt Fund has moved from Low Risk Low Return quadrant to High Risk Low Return quadrant as it has not been able to deliver returns commensurate with the risk taken by maintaining huge exposure in G Sec at the long end. DSP BlackRock Fund, Birla Gilt Plus, ICICI Prudential Gilt Fund and UTI G Sec Advantage Fund continue to aggressively manage their funds and are positioned in the High Risk High Return quadrant on account of superior risk adjusted returns. The relative risk return position of all other funds has remained stable during the month.

### Short Term Plans

Short Term Plans delivered returns in the range of 0.28% to 0.72% for the month of March'09. For the second consecutive month as G Sec yields increased, it relatively underperformed vis a vis to corporate bonds. Thus the funds which took exposure in G Sec underperformed to their peers. However there was divergent trend in corporate bonds with regard to credit stance. Funds which took major exposure in AAA rated corporate bonds underperformed as yields hardened on account of rise in Gsec yields combined with booking of profitability in the financial year end. But funds which took substantial exposure in AA+ and AA rated corporate bonds outperformed as yields eased on account of limited bond supply with attractive yields. Short Term Plans continue to remain an attractive proposition as they offer dual benefit of low interest rate risk and duration management flexibility in comparison to long term debt products.

## Relative Risk Return Analysis



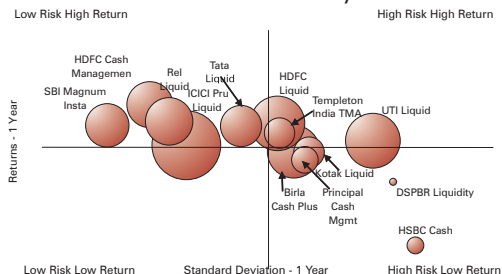
Source: ICICI Bank

Templeton India Short Term Income Plan positioned itself in Low Risk High Return quadrant from Low Risk Low Return quadrant on account of holding major exposure in papers like AA+ rated which saw decline in yields. Kotak Short Term Plan on adoption of active fund management provided high returns in proportion to risk taken and thus moved from High Risk Low Return quadrant to High Risk High Return quadrant. Reliance Short Term Plan and HDFC Short Term Plan have moved from High Risk High Return quadrant to High Risk Low Return quadrant on account of allocating high investments in AAA rated papers which witnessed rise in yields during the month.

## Liquid Funds

Liquid funds delivered return in the range of 0.37% to 0.57% during the month of March'09. The liquidity was comfortable during the first fortnight of March'09 but in subsequent period the money market rates experienced volatility on account of year-end book closure by many market participants. The interbank call money rate which traded at 2.42% on 6<sup>th</sup> March'09 closed at 4.98% at the end of month logging monthly average of 4.12%. Under money market operations the average monthly amount of money parked with central bank spiked above INR 450bn in first 2 months of calendar year 2009. In March'09, however, the average balance parked with RBI shrunk to just INR 364bn, indicating tight liquidity pressure. Low interest rate risk associated with liquid funds makes it an attractive investment proposition.

## Relative Risk Return Analysis



Source: ICICI Bank

All the funds barring Birla Sunlife Cash Plus and HDFC Liquid fund have maintained their position in the risk return matrix. As HDFC Liquid fund delivered high return commensurate to risk taken, it moved from Low Risk High Return quadrant to High Risk High quadrant. Birla Sunlife Cash Plus fund moved to High Risk Low Return quadrant from High Risk High Return quadrant on the back of inferior risk adjusted return.

*We believe that we are in a low interest rate regime and there is scope for yields to decline from the current levels; albeit with large volatility due to supply concerns on one hand and weak economy on the other. Along with money market related Liquid Plan and Short Term Plan, aggressive investors could consider Income Funds from 6-9 months perspective. Bank Fixed Deposits continue to remain a good investment option considering the assured returns.*

## Global Equity Markets – Rallied high on the hope of hope

Global equity markets went through the highly volatile sessions last month and has sent the MSCI World Index to a 27% lower this year in the initial part of the month, its worst start since 1970 as cyclical growth slowdown is worsening, credit growth is slowing, the manufacturing recession is deepening, job losses are climbing and non-oil imports are slowing and inflation is falling rapidly belying the underlying weakness of domestic spending. Meanwhile, governments from the US to Australia continued with their efforts of introducing new policies to bolster their economies and as a result, in the month gone by MSCI World Index closed higher by 7.24%. The US markets rallied and logged a gain of 8.33% on announcement of US plans to buy its toxic assets(USD 1trn), buyback of government and mortgage backed securities(USD 1trn) and on reports of improving durable goods orders and new home sales while shrugging off the news of contraction in US quarterly GDP and rise in jobless data. European markets also welcomed the quantitative easing and despite weak economic data, it managed to close in positive territory. Japanese markets continued to jitter and ended the month on flat note as weak economic data signaled long way for recovery and fall in Commercial Price Index (CPI) number raises worries deflationary scenario.

Emerging market outperformed the developed equity markets by huge margin and registered a gain of 14.15% in the month of March'09. Emerging equity markets reacted positively on Fed decision to buy longer-dated Treasury and toxic assets. Chinese market closed up despite of the fact that World Bank has reduced its projection for China's economic growth in 2009, from 7.5 to 6.5% as rally in global markets increased the risk appetite of investors. Russian equity markets also registered a gain of 25% on the back of recovery in crude oil prices.

## Indian Equity Market- Tracking global equity market Sensex crosses 10,000 levels

Tracking a global equity rally, Indian equity markets made unexpected and hefty gains after the latest financial package by US to revive the economy and stabilise its financial system boosted investors confidence across the

## Performance of Indian Markets\*

Indices	1 Month	3 Months	6 Months	1 Year	2 Years
<b>Large Cap Indices</b>					
BSE Sensex	9.2	0.6	(24.5)	(37.9)	(13.8)
S&P CNX Nifty	9.3	2.1	(23.0)	(36.2)	(11.1)
<b>Broadmarket Indices</b>					
BSE 100	9.4	(0.9)	(26.1)	(40.0)	(13.3)
BSE 200	9.1	(1.4)	(26.7)	(41.0)	(14.4)
<b>Midcap Indices</b>					
CNX Midcap	7.3	(8.8)	(30.3)	(45.4)	(16.1)
CNX Nifty Junior	8.9	(4.8)	(28.2)	(45.6)	(20.5)
<b>Sectoral Indices</b>					
BSE Automobiles	14.1	25.2	(16.7)	(32.3)	(20.7)
BSE Banking	5.9	(17.7)	(30.7)	(41.8)	(17.1)
BSE Capital Goods	9.6	(6.4)	(38.9)	(53.8)	(15.5)
BSE FMCG	(0.3)	2.5	(5.8)	(11.1)	8.2
BSE Health Care	9.0	(4.6)	(22.9)	(26.5)	(11.9)
BSE Information Technology	9.0	2.6	(26.2)	(35.6)	(31.6)
BSE Metal	23.5	11.1	(35.6)	(58.7)	(17.3)
BSE Oil & Gas	16.3	16.6	(22.0)	(29.6)	4.8

Data as on 31<sup>st</sup> March 2009

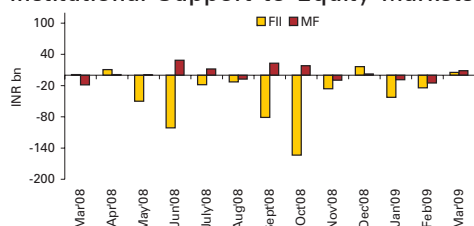
Source: ICICI Bank

\* % Absolute returns for various time horizons. Returns for 2 year horizon are annualised.

world. However, March month proved very volatile as Sensex gained 23.13% in 12 sessions, among its biggest gains in 15 years. From 8160 level on 9<sup>th</sup> March '09, it touched 10048 on 27<sup>th</sup> March '09, but the point to note is that out of gain of 1888 points 1389 contributed by top 10 companies which sent negative signal to the market and as a result towards the end market lost around 300 points. Main reason for the rally were US plan to buy bank's bad assets (USD 1trn), huge short covering by investors, value buying by long term investors like insurance companies both domestic and foreign, above expectation advance tax numbers, rise in index of six core infrastructure industries by 2.2%(YoY) in February '09, rapidly declining WPI which has touched 0.27% on 26<sup>th</sup> March '09 and upward trend in credit growth also helped the market sentiments. Fund managers continued to maintain their bearish outlook on the market in the short term mainly in the wake of political uncertainty ahead of general election, slowing domestic growth rate, corporate earning downgrade, rising fiscal deficit and bank's unwillingness to lend. However, most of them expect that long term prospects remain robust on the back of strong macro fundamentals of India, ongoing government support to revive economy and value buying at current levels.

BSE Sensex and CNX Nifty both closed in a positive territory in the month of March '09. Mid caps and Small caps underperformed marginally its counterpart large caps and registered a gain of 7.3% and 8.9% respectively. Sectoral indices performance was positive on the back of positive global cues. BSE Banking Index was up on the hopes further easing of monetary policies by RBI. BSE Capital Goods ended higher after data showed improvement in Infrastructure sector output in the month of February. BSE Metal Index also closed higher on the hopes of recovery in the global economy might boost demand for metals. BSE Auto continued to log gains as low interest rate scenario and cheap input cost reinforced the sentiments of market participants for the sector.

### Institutional Support to Equity Markets



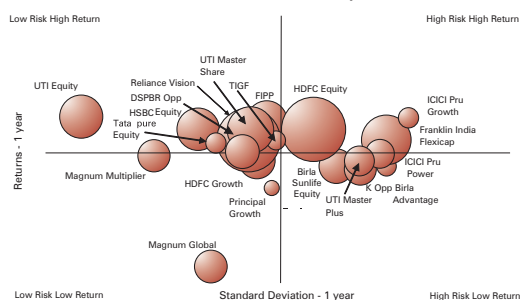
Source: ICICI Bank

During the month of March '09, FIIs registered net inflows to the extent of INR 5.3bn. While in the month of February '09, it has registered the net outflows to the tune of INR 24.37bn. Mutual funds were also net buyers to the tune of INR 8.51bn during the month of March '09, while in the previous month they were net sellers to the tune of INR 14.98bn.

**Outlook:** Current rally in Indian equity markets might not carried on in the upcoming month as political uncertainty ahead of general election and weak economic conditions could still dampen market sentiments.

Though most of the bad news is priced in by the market yet effectiveness of current fiscal and monetary measures to boost the economy is worrisome for the market as failure of these measures might initiate defaults in other categories of loan viz. credit card default, consumer loan default etc. US new proposal of putting working of hedge funds, private equity firms, derivatives and credit default swap markets under federal supervision might prove negative for the equity markets as it will tighten the capital flows across the globe. On the India's macro front, worsening fiscal deficit, slower GDP growth are concerns along with declining corporate profits and expected double digit fall in exports in February indicating that global economic slowdown woes are far from over. Inflation which reached to almost zero level has raised expectations of a further easing of the monetary policy which will be positive for the Indian corporates. FIIs activities will remain the key for the Indian equity markets going forward. In the short term, market is likely to move in line with global equity markets. While, long term view remains bullish going by the strong fundamentals of India.

## Relative Risk Return Analysis



Source: ICICI Bank

During the month of March'09, Equity funds covered in our universe delivered returns in the range of 4.87% to 12.99% replicating the performance of Indian equity market. In the month gone by, HDFC Growth fund moved to Low risk Low return quadrant from Low risk High Return quadrant of risk return matrix as higher exposure to Consumer Staples and Health Care sectors led to its underperformance. Principal Growth fund also moved to Low risk Low return quadrant from High risk Low Return quadrant of risk return matrix. Templeton India Growth fund moved to Low Risk High Return quadrant from Low Risk Low Return quadrant of risk return matrix as strategy as higher exposure to Material and Energy sector benefited the fund. All others schemes maintained their respective positions in risk return matrix.

*Equities as an asset class may deliver returns of around 10-15% in the long term with higher volatility. Investments in equity funds may be considered for a horizon of about 2-3 years owing to heightened risk aversion. Systematic Investment Plan (SIP) is one of the prudent routes to invest in equity funds as this considerably reduces the risk inherent in equities. Investors are advised to rebalance the portfolio at regular intervals and maintain the asset allocation in line with the individual risk profile.*

### Opt 4 More – Performance Summary

Opt 4 More is a set of five suggested asset allocations designed to help in planning one's financial needs for five distinct risk profiles viz., Risk Averse, Conservative, Balanced, Growth and Aggressive (refer the Opt 4 More brochure for detailed definitions of the profile and the asset allocation policy). It helps in creating the appropriate balance between safety, liquidity and potential for yield enhancement through a mix of bank fixed deposits and mutual funds (both fixed income and equity). The suggested asset allocations for the five profiles in the Opt 4 More are shown below.

### Opt 4 More – Asset Allocation

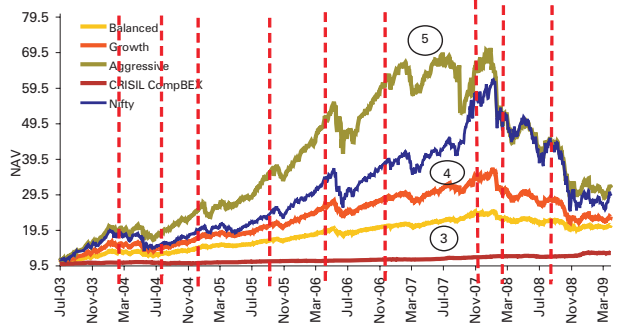
Scheme	Risk Averse (%) (1)	Conservative(%) (2)	Balanced (%) (3)	Growth (%) (4)	Aggressive (%) (5)
<b>Equity Plans</b>					
DSPML Top 100	-	-	10	10	15
HDFC Top 200	-	15	10	10	15
Kotak 30	-	-	-	10	15
Reliance Growth Fund	-	-	-	10	15
HSBC Equity Fund	-	-	-	10	10
Sub Total	-	15	20	50	70
<b>Satellite Fund</b>					
ICICI Prudential Infrastructure Fund	-	-	10	10	20
Sub Total	-	-	10	10	20
<b>Gilt Fund</b>					
ICICI Prudential Gilt Fund	-	-	-	10	10
Sub Total	-	-	-	10	10
<b>Short Term Plans</b>					
Reliance Short Term Fund	-	10	20	10	-
Sub Total	-	10	20	10	-
<b>Liquid Plus</b>					
ICICI Prudential Flexible Income Plan	20	15	10	-	-
Sub Total	20	15	10	-	-
<b>Fixed Deposits</b>					
ICICI Bank Deposits	80	60	40	20	-
Sub Total	80	60	40	20	-
<b>Grand Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

### Historical Performance of the Asset Allocation

Particulars	Risk Averse	Conservative	Balanced	Growth	Aggressive
One Year Returns	6.48%	-1.78%	-10.05%	-28.00%	-49.50%
Volatility	0.10%	4.57%	9.02%	17.72%	28.34%
Sharpe Ratio	4.9	-1.7	-1.8	-1.9	-2.0

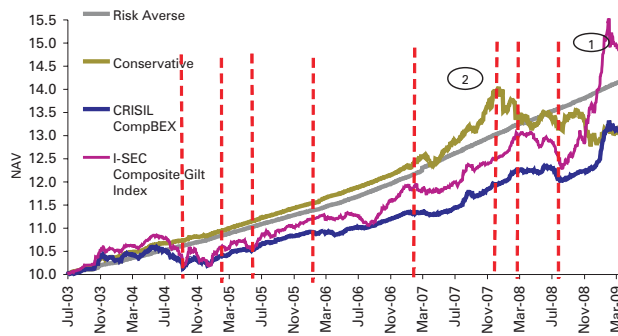
Source: ICICI Bank

## Performance Summary



Source: ICICI Bank - - - Indicates change in asset allocation

BSE Sensex and CNX Nifty both closed in a positive territory in the month of March'09 tracking the global equity rally, on the back of US announcement to buy back toxic assets of banks, huge short covering by investors, low inflation and upward movement in credit growth numbers. Both FIs and mutual funds were net buyers in the month of March'09. Large caps performed better than their smaller counterparts during the month and all the sectoral indices closed in green. We continue to maintain a cautious outlook ahead of the general election and corporate earning downgrades. The exposure of the Balanced and Growth Opt 4 More portfolios to Short Term Plans, Liquid Plus and Bank Fixed Deposits has enabled to reduce the volatility of the portfolio and improve the risk adjusted return.



Source: ICICI Bank - - - Indicates change in asset allocation

March turned out to be a bad month for debt market players, as G Sec yields hardened owing to large sized market borrowings of the government. Tight liquidity conditions on the back of advance tax outflows and year end pressures resulted in hardening of yields at shorter end of the curve as well. Near zero inflation numbers failed to boost market sentiments. The outlook for bonds appears dim for the near future as market participants continue to be bogged down by the market borrowing programme. It is prudent to avoid high interest rate risk products in the Risk Averse, Conservative and Balanced profiles at the current juncture. High exposure to Bank Fixed Deposits in the Risk Averse and Conservative Opt 4 More portfolio have enabled to deliver assured returns and reduce the portfolio downside.

The monthly soft copy of this report can be requested by email. Please send in your subscription request with the following details at [headwealthmanagement@icicibank.com](mailto:headwealthmanagement@icicibank.com)

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Contact No.	:	_____
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For the detailed Investment Review dated April 2009 please contact your ICICI Bank relationship manager. For further information, please call our executives at the exclusive Private Banking Phone Banking Service on 1-800-22-8181 or at the Phone Banking numbers given below. You can also email your queries at [headwealthmanagement@icicibank.com](mailto:headwealthmanagement@icicibank.com)



Amritsar : 66309890	Bangalore : 41131877	Bhubaneswar : 18003453499	Chandigarh : 5055700
Chennai : 42038000	Coimbatore : 4358000	Cuttack : 18003453499	Delhi : 41718000
Delhi (Old) : 9818178000	Durgam : 18003453499	Gwalhati : 18003453499	Hyderabad : 23128000
Indore : 4022005	Jamshedpur : 18003453499	Kochi : 2384600	Kolkata : 9831378000
Ludhiana : 2294677	Mumbai : 28307777	Patna : 18003453499	Pune : 26103333
Ranchi : 18003453499	Siliguri : 18003453499	Andhra Pradesh : 9949578000	Chattisgarh : 983208000
Goa : 9890478000	Gujarat : 989278000	Haryana : 9896178000	Karnataka : 9845578000
Kerala : 9895478000	Madhya Pradesh : 9893208000	Madhya Pradesh : 9890478000	Punjab : 984558000
Rajasthan : 9829222292	Tamil Nadu : 9894478000	UP East : 18003453499	UP West : 989308000
Uttaranchal : 9897308000			

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Report Code : IRS010409024

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