# Investment Review

## Mutual Fund Synopsis*

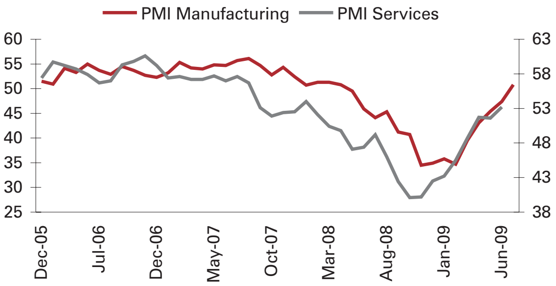
### Greenshoots seen but caution recommended

Despite lingering financial hurdles to a sustained recovery, recession appears to be ending. Key housing indicators have turned higher and factory surveys suggest that the inventory cycle has reached an advanced stage. Fed policy has gained traction in credit markets and wealth losses have stopped. Still, continued restraints on consumers caution against anticipating a steep upturn. The Fed's ongoing attempts at accommodation through credit-support operations have helped to buoy financial conditions. Incoming data also have bolstered investor confidence in ways that will support recovery. The financial headwinds have eased enough to allow for renewed growth but the revival in risk appetites still appears fragile. Several developments hint that an upturn is at hand. Massive production cuts have pared inventories more in line with spending, while layoffs are subsiding. Construction and sales of homes have risen. Fiscal supports will blunt some of the impact of declining investment and have plugged the hole in household income. The large negative wealth effects on consumers may be peaking now but worries about future income persist. While confidence is slowly returning, spending is likely to lag incomes gains in recovery's early stages.

Across the Atlantic, we expect a weaker recovery in the Euro area than in many other regions. This partly reflects the less aggressive stimulus from fiscal and monetary policy in the Euro area than elsewhere. In addition, ongoing balance sheet problems of Euro area banks are likely to remain a drag for financing conditions. So far, banks have only made little use of the governments' rescue packages, suggesting that the measures are not well designed to solve the banks' capital problems. As governments currently are not considering amendments to the rescue plans, lending restrictions are likely to remain a drag for capital expenditure. After falling by a record 0.7% in July'09, Euro area inflation rates are likely to turn back to positive territory at the end of the year. However, the record low capacity utilization suggests that risks for an ongoing mild deflation are not negligible and that inflation rates will be low in coming years. In this environment, we expect the ECB to be on hold for rates and non-standard measures for a long period. With a likely increase in its growth forecasts in September, the chance for any additional monetary easing will shrink further. We expect such easing only in case of another emergency.

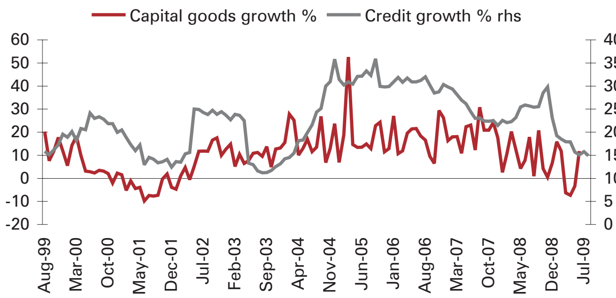
Japan's GDP growth returned to positive territory 3.7% H2 annualized) in the second quarter, ahead of the US and the Euro area. We also expect growth in the second half of 2009 will exceed the potential growth rate of the economy (around 1%) thanks to sharp inventory liquidation in both domestic and overseas markets and the effect

Real Estate sector in UK rebounding




*Source: Bloomberg, ICICI Bank*

Leading indicators in India bottoming out




*Source: Bloomberg, ICICI Bank*

of the fiscal stimulus packages. However, prospects for private domestic demand remain bleak. Sluggish sales growth, along with unusually low capacity utilization, is very likely to weigh on business investment in coming quarters. Moreover, worsening labour/income conditions likely will take a toll on consumer spending, although government measures are providing policy offsets for now. We expect the economy will show renewed weakness next year, as the effect of the stimulus package wanes and the recovery in major trading partners remains modest. The excessive economic slack likely will exert strong downward pressure on inflation in years to come. Core inflation (excluding fresh food) will probably stay negative through 2010, even after the negative impact of falling energy costs has run its course. The Bank of Japan(BoJ) continues to focus on the downside risk to the economy and remains cautious about removing monetary accommodation including credit easing measures and the ultra-low policy rates (0.1%). We expect the BoJ to maintain the current policy rates until mid-2011.

The recession has been even deeper than expected a few months ago, but now appears to be ending (or about to end). After the 0.8% drop in Q2 GDP, we expect that GDP in Q3 is roughly flat QoQ or even a bit up, after five consecutive quarters of falling GDP. It is likely that recovery will be relatively slow compared to previous recessions,

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



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implying an extended period with a large output gap and rising unemployment. Even once recession ends major policy challenges remain, especially to reestablish inflation and fiscal stability. The IMF have supported the BoE Governor's view that major fiscal surgery will need to be done to return to fiscal sustainability over time. Nevertheless, there is still no sign that the government is seriously tackling the UK's poor fiscal position. And yet, without sizeable public spending restraint, the UK faces either a sharp rise in the tax burden in the next few years, or a probable sovereign credit downgrade and an eventual fiscal crunch as debt service costs balloon. The MPC has edged up its near term inflation forecast after hike in CPI data.

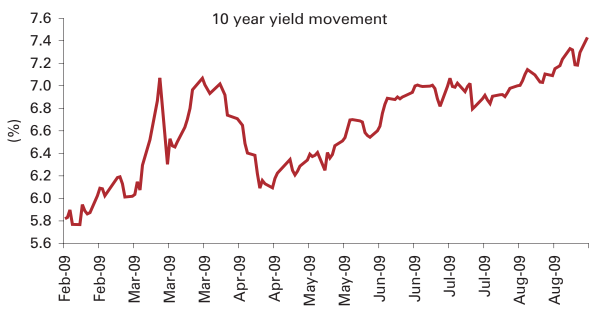
In India, the rains have continued to play truant resulting in 45% of the country being declared drought affected. We stand by our views that unlike the past, the economic impact will be muted due to various factors including the ongoing measures (NREGS, farm waiver, pay commission), stock of food grains and buoyant forex reserves if the need for imports arises. However, the macro is not immune given the high correlation of rainfall with agriculture (0.64), private consumption (0.55) and food prices (0.4). More-over the water shortage is beginning to hurt construction/investment activity and lastly drought-relief measures could pose an additional fiscal strain. The Q1 GDP numbers were released which was at 6.1% driven by services. The growth in manufacturing and services sectors is primarily seen as a result of the fiscal and monetary stimulus provided by the government. India's GDP growth is unlikely to decelerate in the second half of 2009 as the previous rounds of fiscal stimulus are now trickling down, providing a notable boost to activity according to Moody's. As the global recession hit India, the central bank injected about INR 5.6trn (USD 115bn) into the economy, which, together with government fiscal stimulus, amounts to more than 12% of GDP. The Reserve Bank kept borrowing costs unchanged in its last monetary policy statement on July 28 and signaled an end to its deepest round of interest-rate cuts on concern that inflation will "creep up" from next month. The next policy meeting is scheduled for October 27. Leading indicators like capital goods production and commercial vehicles have also have staged a comeback and point to modest industrial growth going ahead and heightened investment activity. However, credit growth is still subdued at 15% below the target rate of 17% and is expected to rise as industrial recovery gains momentum.

## Bond yields hit 9-1/2 month high on monetary tightening expectation

Government bonds remained under pressure in the absence of convincing leads and a stream of heavy supplies lined up that kept sentiment wary. Yield on the benchmark 10-year bond edged up to 9-1/2-month high of 7.43%, up by 45bps as against the previous month. The market had a brief rebound after RBI announced an out-of-turn Open Market Operation (OMO) buyback. However, the results were disappointing in terms of the amount absorbed. The Reserve Bank of India (RBI) bought only INR 26.57bn of bonds at an auction where it had offered to buy up to INR 85.11bn. The firm yields were also propelled by fears that monsoon deficit may further increase government borrowing requirements. The firm yields were despite the high recourse to the reverse repurchase window at the weekend LAF auction. During the month, the weekly auctions continue to be poorly received due to auction cut off which came higher than expected. Demand for bonds on a weekly basis has become lukewarm and some of INR 120bn bond auction witnessed some devolvement on to primary dealers.

Following higher G Sec yields to a lesser extend, corporate bond yields were also higher during the month but not as high as G Sec yields. The 5 year AAA bond yield moved up 38bps to end the month at 8.56%. The spread between the benchmark 5 year AAA corporate bond yield over the 5 year benchmark government bond contracted marginally by 6bps to close the month at 139bps. The yields on the sub AAA rated papers rose sharply as against the AAA rated papers reflecting risk aversion of investors. Yield on 5 year AA+ paper has gone up by 65bps to 9.32% and the yields on 5 year AA paper has risen by 67bps during the month to close the month at 9.64%.

*10 Year Yield Movement*




*Source: Bloomberg, ICICI Bank*

The Wholesale Price Index (WPI) based inflation is in the negative territory for the 11th week in a row. However, a sharp rise in prices of food products, due to erratic monsoon, pushed inflation up to (-) 0.95% for the week ended 15th August as against (-) 1.54% in the previous month. The central bank has highlighted the risk of rising inflation and the need to manage the timing and pace of an exit from an easy monetary policy stance. The market feels that the rising inflation could cause the central bank to withdraw liquidity sooner than expected. However it is too early to take a call on RBI's response which depends on how soon the economy recovers or how bad is the inflationary situation.

Call rates ended nearly flat in the 3.20-3.30% range during the month helped by abundant liquidity in the system. Banks on an average parked INR 1244bn with the central bank at its reverse repo auction, showing the extent of cash surplus. Call rates would continue in the current range as ample cash condition is prevailing in the banking system. A dent in surplus cash is likely to emerge in the middle of September, owing to advance tax payments.

The rupee extended losses and fell to a low of 48.85/USD. The month-end dollar demand from importers and higher oil prices pressured the INR while bouts of risk aversion in domestic markets added to the selling pressure.

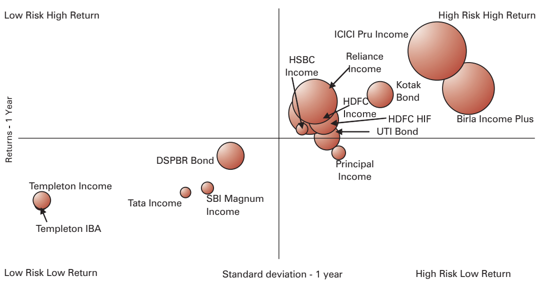
However, the INR yet again found support near the 49 mark, as exporters liquidated dollar positions but further advances were curbed by dollar demand from oil firms.

Outlook: The negative inflation would not last beyond a couple of weeks as food prices are on the rise. A growth slowdown coupled with faster inflation caused by higher food and commodity prices would pose a "dilemma" for the central bank on whether to raise borrowing costs. The government has so far sold INR 2.7 trn of bonds of the INR 2.99 trn it planned to sell between April and September. As most of the scheduled borrowing for the first half will be completed, supplies are expected to ease off in coming weeks and expect yields to cool off from the current level. The sentiment is still unsettled and market look forward to RBI for more supportive steps. Meanwhile, bond market is expected to take cues from global yields, liquidity in the system, inflation numbers and auction cut offs. Corporate bond yields are likely to come under pressure in the coming weeks on the back of rising government bond yields and worries on RBI's liquidity tightening measures. The RBI has to provide liquidity to protect government borrowing as bond yields are already under pressure and therefore we expect the overnight rates to be around current levels for three more months. However, a part of the surplus cash may disappear for a few days during the second half of September as companies drain their balances for advance tax payments, but it may not be big enough to move cash rates off their current lows. The central bank is expected to take steps to check liquidity later in the year, as inflation concerns are already building up in the economy. We recommend investors to invest in liquid and ultra short term products. We expect the yield on the benchmark 10 years G Sec to remain in the 7.1-7.5% range in the month of September'09.

## Income Funds

Income Funds delivered lower returns in the range of (-) 1.9% to 0.12% in the month of August'09. The G Sec yields firmed up by fears that monsoon deficit may further increase government borrowing requirements. Corporate bond yields were also higher during the month following higher G Sec yield, The 5 year AAA bond yield moved up 38bps to end the month at 8.56%. The spread between the benchmark 5 year AAA corporate bond yield over the 5 year benchmark government bond contracted marginally by 6bps to close the month at 139bps. Given the current volatility in debt markets, fresh money in Income Funds could be avoided at the current juncture as they exhibit higher volatility compared to short duration debt funds.

### Relative Risk Return Analysis



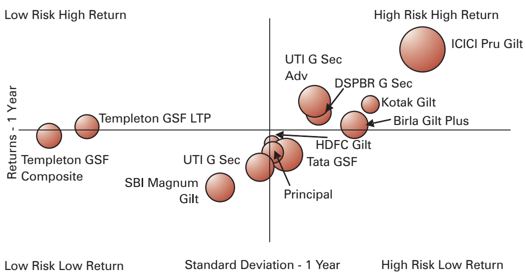

Source: ICICI Bank

UTI Bond Fund has moved from Low Risk Low Return quadrant to High Risk High Return quadrant by maintaining huge allocation in good quality corporate debt papers at short end of the curve and generating higher returns on risk adjusted basis. HSBC Income Fund has moved from Low Risk High Return quadrant to High Risk High Return quadrant by adopting aggressive stance and varying its portfolio maturity as and when the yields have been moving. Both the funds of Templeton, DSPBR Bond Fund, 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 have maintained their position in the risk return matrix

## Gilt Funds

Gilt Funds delivered lower return in a wide range of (–) 2.89% to (-) 0.14% in the month of August'09 as government bonds remained under pressure in the absence of convincing leads and a stream of heavy supplies lined up that kept sentiment wary. Yield on the benchmark 10-year bond edged up to 9-1/2-month high of 7.43%, up by 45bps as against the previous month. The firm yields were despite the high recourse to the reverse repurchase window at the weekend LAF auction. Investors could avoid Gilt Funds at this juncture as the shorter end of the curve is more preferable.

### Relative Risk Return Analysis




Source: ICICI Bank

Kotak Gilt, DSP BlackRock G Sec and UTI G Sec Advantage Fund has moved from High Risk Low Return quadrant to High Risk High Return quadrant as these funds have been able to deliver returns commensurate to the risk taken. Templeton India G-Sec Fund - Composite Plan has moved from Low Risk High Return quadrant to Low Risk Low return quadrant as the fund has relatively underperformed its peers on risk adjusted return basis by maintaining over conservative investment approach. The relative risk return position of all other funds has remained stable during the month.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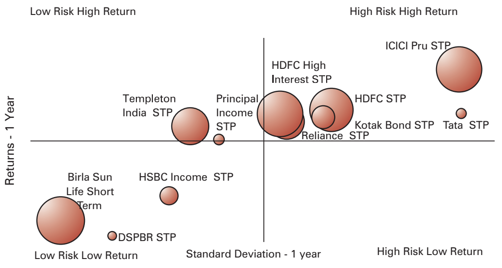
## Short Term Plans

Short Term Plans delivered lower returns in the range of -0.15% to 0.40% during the month of August'09. On the back of higher government yields and less number of new corporate issuances, the corporate bond yields across the yield curve moved higher. While, the 5 year AAA bond yield moved up 38bps to 8.56%, the short term 1 year AAA bond yield rose by 42bps over the month to 6.07%. Even the commercial paper for duration of 6 months witnessed hardening of yield by 13bps to 5.70%. The credit spread with reference to AA+ rated papers widened from 62bps to 100bps during the second fortnight of August'09. 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



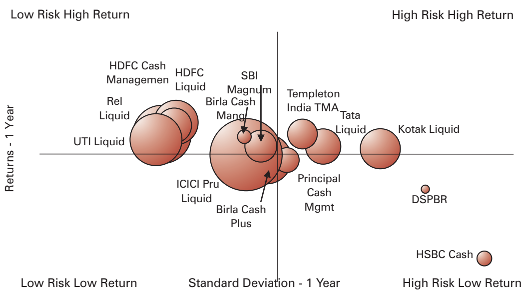

Source: ICICI Bank

Principal Income Fund Short Term Plan moved to Low Risk High Return quadrant from Low Risk Low Return quadrant on deliverance of superior risk adjusted return. Templeton India STP continues to position in Low Risk High Return quadrant as credit calls taken by the fund manager proved to be correct. All other funds covered in our universe have maintained their position in the risk return matrix during the month of August'09.

## Liquid Funds

Liquid funds delivered modest return in the range of 0.14% to 0.40% during the month of August'09. The systemic liquidity during August'09 continued to float at satisfactory level. The central bank under daily market operation absorbed average balance of INR 1244bn as compared to INR 1275bn in July'09. The overnight rate traded in the range of 3.02% to 3.24% on account of lower credit off-take. As major portion of scheduled borrowings for the first half of FY2009-10 is almost completed, enough liquidity could prevail for some more time. However the corporate advance tax outflows during October'09 are keeping the markets tentative over the short term. Low interest rate risk associated with liquid funds makes it an attractive proposition.

### Relative Risk Return Analysis




Source: ICICI Bank

Birla Sun Life Cash Plus moved to Low Risk Low Return quadrant from High Risk Low Return quadrant on adoption of cautious approach by maintaining relatively high exposure in cash equivalent instruments. However, Principal Cash Management Fund has moved from Low Risk Low Return quadrant to High Risk Low Return quadrant on account of high volatility experienced in the 2016 G Sec exposure. All other funds covered in our universe have maintained their position in relative risk return matrix during the month of August'09

*We believe that the interest rates are likely to harden owing to giverment borrowing programme. The investors could consider money market related Liquid Plan and Short Term Plan from 6-9 months perspective. Bank Fixed Deposits continue to remain a good investment option considering the assured returns.*

## Global Equity Markets – Managed modest finish

Global equity markets have traded sideways since June'09, pausing for breathe after having bounced over 36% from their lows in March'09. While during August'09, MSCI World Index ended with a monthly gain of 3.91% on the back of positive tone on economic front and the statements from the US Federal Reserve chairman and the European Central Bank president that the global economy is pulling out of its deepest recession since the 1930s which triggered an optimistic recovery in the global markets. US stocks market gains were relatively muted (i.e. 1.63%) as investors turned bit cautious over current run up though data on consumer spending, new home sales, durable goods orders and Q2 CY 2009 GDP growth rate came in stronger than expected. European stocks market went marginally higher than its peer i.e. over 6% following improvement in sentiment and certain macroeconomic data in the past few months. Japanese stocks also ended with a monthly gain of 3.91% mainly on the back of expectation that ruling party being ousted in the elections and new democratic party are more capable to boost the economy.

Emerging equity markets performance was weak in the month of August'09 as some investors took breath from the recent rally. And as a result, MSCI EM Index closed down by 0.54% mainly on account of decline in the Chinese markets which contributed to the weak sentiments. Chinese stocks fell by more than 7% mainly on the concern that the government measures to curb lending and production in industries including steel and cement would slow its economic growth.

## Performance of Indian Markets*

| Indices | 1 Month | 3 Months | 6 Months | 1 Year | 2 Years |
|---|---|---|---|---|---|
| **Large Cap Indices** | | | | | |
| BSE Sensex | (0.0) | 7.1 | 76.2 | 7.5 | 1.1 |
| S&P CNX Nifty | 0.6 | 4.8 | 68.7 | 6.9 | 2.2 |
| **Broadmarket Indices** | | | | | |
| BSE 100 | 0.6 | 7.9 | 82.1 | 7.9 | 2.3 |
| BSE 200 | 1.1 | 8.9 | 84.7 | 8.3 | 1.9 |
| **Midcap Indices** | | | | | |
| CNX Midcap | 2.8 | 14.3 | 92.6 | 7.3 | 0.6 |
| CNX Nifty Junior | 0.8 | 14.3 | 114.6 | 19.6 | (0.5) |
| **Sectoral Indices** | | | | | |
| BSE Automobiles | 2.9 | 27.5 | 119.1 | 46.6 | 9.8 |
| BSE Banking | (1.4) | 1.0 | 96.8 | 18.9 | 3.0 |
| BSE Capital Goods | 4.4 | 10.3 | 123.0 | 10.6 | (1.0) |
| BSE FMCG | (6.7) | 21.8 | 25.0 | 15.2 | 13.7 |
| BSE Health Care | 2.5 | 13.5 | 50.2 | (9.5) | 4.5 |
| BSE Information Technology | 5.3 | 39.2 | 99.1 | 5.2 | (4.6) |
| BSE Metal | (0.1) | 13.8 | 164.0 | 0.3 | 3.5 |
| BSE Oil & Gas | 3.1 | (6.2) | 61.2 | 1.2 | 9.4 |

Data as on 31st July 2009 Source: ICICI Bank

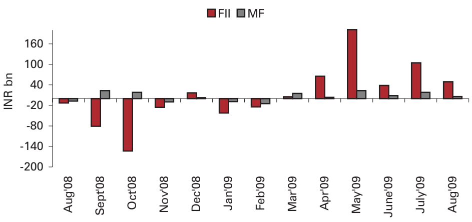
** % Absolute returns for various time horizons. Returns for 2 year horizon are annualised.*

### Indian Equity Markets- Trend remain bullish

Indian equity markets were able to maintain its July'09 month levels as the risk of a prolonged global recession and the threat of a meltdown in the financial system have considerably eased. However, during August'09, markets have been extremely volatile showed wide swings on either side and also touched 15 months high towards the end of the month. The Indian equity markets have been relatively stable compared to other emerging markets on the back of strong growth in industrial production (7%YoY in July'09), extension of tax sops in the foreign trade policy, introduction of new direct tax codes, resilient sales of automobiles, cement etc, clear improvement in macro-economic indicators both globally and locally and end of good quarterly corporate results. But shortfall in the annual rainfall, negative export-import numbers and market's stretched valuations had remained a cause for concern for the market participants.

The markets performance was mixed during the August'09, with the BSE Sensex fell by 0.02% while Nifty rose by 0.6%. However, the CNX Midcap and CNX Nifty Junior indices outperformed the larger benchmark indices with returns of 2.8% and 0.8%, respectively. BSE IT index was the best performing sectoral indices with returns of 5.3% as index heavy weight Infosys, Wipro and TCS rallied on signs of easing of recession in developed markets. BSE Auto index also rose as auto companies continued to witness rise in their two/four wheeler sales. Whereas, BSE FMCG (-6.7%) were the worst performing indices, due to the concerns arising from the weak monsoons which could lead to dampening consumer demand.

### Institutional Support to Equity Markets

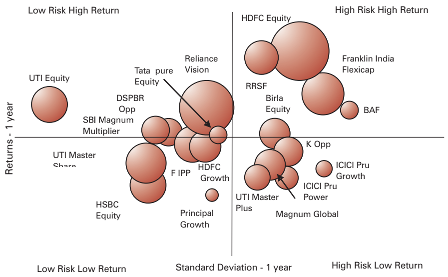



Source: ICICI Bank

FIIs continued as net buyers as sentiments of market participants towards equity markets remain bullish which can be seen from their huge oversubscription in recent IPO of NHPC, which was over subscribed 29.16X in QIB(Qualified Institutional Buyer) category. During the month of August'09, FIIs registered net inflows to the extent of INR 49.02bn compared with net inflows of INR 104.38bn in the month of July'09. While, Fund managers of Indian mutual fund houses continued to pour money in Indian equity markets as they do not expect any major pullback in Indian equity market going forward. During the month of August'09, Mutual funds were also net buyers to the tune of INR 5.73bn, while in the previous month they were net buyers to the tune of INR 18.26bn.

Outlook: Indian Equity markets are likely to be range bound till the start of next quarter corporate results season as investors seems little vigilant on market continuous rally. Indian primary markets are also heating up with Oil India, the second biggest IPO from the government stable after NHPC this year, hitting the primary markets shortly. Meanwhile the debut of state-run hydropower firm NHPC and Adani Power disappointed the market and set a weak tone for other companies looking to mop funds through the primary market. The markets should also continue to be influenced by government policy changes as well as other global developments. However, any unforeseen developments in the banking sector in the US or Europe, further rise in global commodity prices and slower than expected economic recovery in the developed world may have a negative impact on the markets. So, in the near term, outlook is slightly cautious as valuations appeared a bit stretched at current forward PE of 17-18.5X FY10 earnings. Although the long-term prospects of the Indian equity market remain positive, investors should not get carried away by the short-term volatility.

## Relative Risk Return Analysis




Source: ICICI Bank

During the month of August'09, Equity funds covered in our universe delivered returns in the range of -0.09% to 4.19% as funds which have traded actively in the markets had their handfuls owing to across the board movement in Indian stock market, especially in the diversified category. In the month gone by, Franklin India Prima Plus Fund has moved from Low Risk High Return quadrant to Low Risk Low Return quadrant of risk return matrix as funds has relatively underperformed compared to its peers. All other funds were able to maintain their position in the 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 Invesment 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.*

## Model Portfolio – Performance Summary

Model Portfolio 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 Model Portfolio 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 model portfolio are shown below.

Kotak 30 is replaced by Birla Sunlife Frontline Fund mainly due to its underperformance of late compared to its peer. While HSBC Equity fund is replaced by Franklin India Prima Plus (FIPP)due to change in the fund manager of HSBC Equity and also the better performance of FIPP due to its high focus on large caps and diversification of portfolio.

## Model Portfolio – Asset Allocation

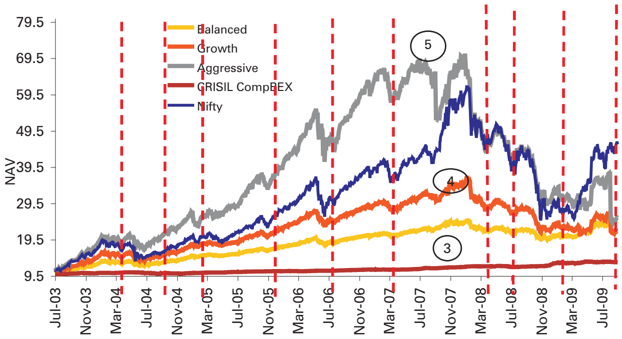
| Scheme | Risk Averse (%) | Conservative (%) | Balanced (%) | Growth (%) | Aggressive (%) |
|---|---|---|---|---|---|
| Equity Plans | | | | | |
| DSPBR Top 100 | - | - | 10 | 10 | 15 |
| HDFC Top 200 | - | 15 | 10 | 10 | 15 |
| Birla Frontline Equity Fund | - | - | - | 10 | 15 |
| Reliance Growth Fund | - | - | - | 10 | 15 |
| Franklin India Prima Plus Fund | - | - | - | 10 | 10 |
| Sub Total | - | 15 | 20 | 50 | 70 |
| Satellite Fund | | | | | |
| ICICI Prudential Infrastructure Fund | - | - | 10 | 10 | 20 |
| Sub Total | - | - | 10 | 10 | 20 |
| Short Term Plans | | | | | |
| Reliance Short Term Fund | - | 10 | 20 | 20 | 10 |
| Sub Total | - | 10 | 20 | 20 | 10 |
| Liquid Plus | | | | | |
| ICICI Prudential Flexible Income Plan | 20 | 15 | 10 | - | - |
| Sub Total | 20 | 15 | 10 | - | - |
| Fixed Deposits | | | | | |
| ICICI Bank Deposits | 80 | 60 | 40 | 20 | - |
| Sub Total | 80 | 60 | 40 | 20 | - |
| Grand Total | 100 | 100 | 100 | 100 | 100 |

## Historical Performance of the Asset Allocation

| Particulars | Returns | | | Volatility | Sharpe Ratio |
|---|---|---|---|---|---|
| | 1 year | 3 year | 5 year | 2 year | 2 year |
| Risk Averse | 5.74% | 6.51% | 6.09% | 0.62% | 0.38 |
| Conservative | 9.79% | 8.05% | 7.00% | 4.95% | 0.87 |
| Balanced | 11.35% | 10.09% | 15.25% | 8.87% | 0.66 |
| Growth | -3.60% | 5.74% | 15.49% | 18.85% | (0.48) |
| Aggressive | -20.32% | 0.89% | 23.93% | 30.50% | (0.85) |

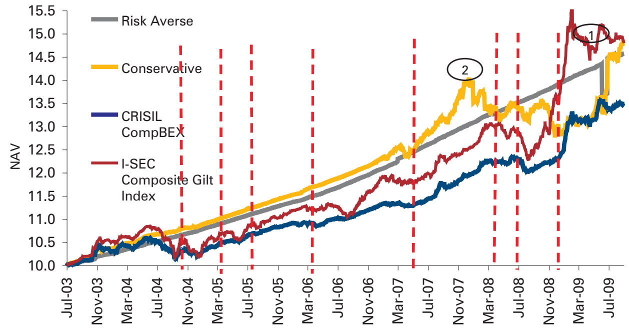
Source: ICICI Bank

## Performance Summary




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

Indian equity markets were able to maintain its July'09 month levels as the risk of a prolonged global recession and the threat of a meltdown in the financial system have considerably eased. However, during August'09, markets have been extremely volatile showed wide swings on either side and also touched 15 months high towards the end of the month. FIIs continued as net buyers as sentiments of market participants towards equity markets remain bullish which can be seen from their huge oversubscription in recent IPO of NHPC. During the month of August'09, FIIs registered net inflows to the extent of INR 49.02bn compared with net inflows of INR 104.38bn in the month of July'09. Indian Equity markets are likely to be range bound till the start of next quarter corporate results season as investors seems little vigilant on market continuous rally. The exposure of the Balanced and Growth model portfolios to Short Term Plans, Liquid Plus and Bank Fixed Deposits has enabled to reduce the volaility of the portfolio and improve the risk adjusted return.




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

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*For the detailed Investment Review dated September 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*


Exclusive HNI Customer Care

| | | | | | |
|---|---|---|---|---|---|
| Ahmedabad | (079) 6630 9878 | Andhra Pradesh | 984957 8800 | Assam | 995410 8888 |
| Bangalore | (080) 4125 8800 | Bihar & Jharkahnd | 993402 8800 | Chandigarh | (0172) 505 5710 |
| Chattisgarh & MP | 989331 8800 | Chennai | (044) 4201 8800 | Coimbatore | (0422) 439 8800 |
| Delhi BTNL | (011) 4161 8800 | Delhi Mobile | 981817 8800 | Gujrat | 989827 8800 |
| Haryana | 989630 8800 | Himachal Pradesh | 981671 8800 | Hyderabad | (040) 2312 8921 |
| Indore | (0731) 400 8800 | Jaipur | 9829572721 | Karnataka | 984557 8800 |
| Kerela | 989547 8800 | Kolkata | 983137 8800 | Maharashtra & Goa | 989033 8800 |
| Mumbai | (022) 2830 7921 | North East | 986240 8800 | Orissa | 993848 8800 |
| Punjab | 981503 8800 | Tamilnadu | 989447 8800 | UP(E) -Lucknow | 993624 8800 |
| Uttranchal | 989730 8800 | West Bengal | 993300 8800 | | |

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Report Code : IRS030909029



### Funds distributed by ICICI Bank

| | | | |
|---|---|---|---|
| Birla Sun Life Mutual Fund | DSP BlackRock Mutual Fund | Franklin Templeton Mutual Fund | HDFC Mutual Fund |
| HSBC Mutual Fund | Kotak Mutual Fund | Principal pnb Asset Management | ICICI Prudential Mutual Fund |
| Reliance Mutual Fund | SBI Mutual Fund | Tata Mutual Fund | UTI Mutual Fund |