ALCHEMY
PRIVATE WEALTH

Investment Matters

March 2012

BESPOKE FINANCIAL EXPERTISE TO MAKE THE RIGHT MOVES, MORE OFTEN.

EQUITY OUTLOOK FROM CIO'S DESK

The Indian markets continue to be driven by FII flows as shown in the chart below. Slowing FII buying has seen markets trend down since middle of February.

FII's have pumped in $5.5bn in the Indian markets (adjusted for the $1.9bn stake in HDFC by Citibank which was considered as FDI, represented by the big white bar above).

Local institutional investors remained net sellers led by Life Insurance Corporation of India (LIC) which has been selling in the market to fund equity infusion in state run banks and support state disinvestment programs.

Meanwhile, Indian government managed to kick start its disinvestment program by selling its 5% stake in Oil and Natural Gas Corporation (ONGC). Call it lack of market understanding or arrogance, government priced the issue at a premium to the existing market price. The issue almost devolved but eventually LIC bailed it out by subscribing nearly 90% of the issue that too at a 5% premium to the floor price. Earlier even Citibank sold its stake in HDFC at a 5% discount to the prevailing market price but someone in the Finance Ministry thought they could get away by asking for a premium.

While equity markets have continued to rally, liquidity in the system continues to be tight driven by slower deposit mobilisation by banks and high credit-deposit ratio which resulted in 3 months Certificate of Deposits of Banks spiking to 10.90% from 9.30% levels at end of December 2011. This will only get exacerbated in March due to advance tax outflows and hoarding of cash by banks. The RBI has been conducting Open Market Operations (Bond Purchases) of $2bn+ every week to pump liquidity and at the time of writing, RBI just cut Cash Reserve Ratio (CRR) for banks by a further 75bps to ease the liquidity tightness.

ALCHEMY PRIVATE WEALTH

EQUITY OUTLOOK FROM CIO'S DESK

The bigger macro event for India is the forthcoming budget session on 16th March. Expectations from finance minister (FM) are to present a roadmap for fiscal consolidation, given India's fiscal deficit for 2012 is going to spike to nearly 6% with the subsidy bill coming nearly twice at 3.3% of GDP from the previously forecasted number at 1.6% of GDP and a kick start to the investment cycle given India's GDP in 3QFY12 has slowed down to 6.1%.

With the recent poll debacle of the Congress in India's most populous state, Uttar Pradesh, the fear on the street is that the government will announce further populous measures with growth/reforms taking a backseat.

However, the current budget provides a good opportunity to take some tough decisions with the state elections behind us and general elections far away in 2014. Will this government bite or as usual do nothing?

The only certainty is that taxes will increase …

Hiren Ved

Chief Investment Officer
Alchemy Capital Management Pvt. Ltd

DEBT OUTLOOK

Last month of fiscal year 2012 quite dynamic in its own way owing to couple of key events which are expected to ascertain the political and economic fate for this country going ahead and eventually for the investors.

- Election results of the states (UP/Punjab/Uttarakhand/Goa/Manipur) on March 6, 2012 will eventually determine the political equations at the Centre going forward thus setting the tone for the next year's budget.
- RBI policy on March 15, 2012 widely anticipated for easing the stressed liquidity in the banking system and starting the rate reversal cycle.
- FY13 Union budget on March 16, 2012 which the market expects would address the deteriorating growth condition and provide for some fiscal consolidation.

February month had its mixed bag of events with key economic indicators listed below:

- GDP growth for the Sep-Dec quarter stood at 6.1% YoY. April –December 2011 FY12 growth stands at 6.9% as against 8.1% of previous year.
- Inflation for the month of January eased below 7% at 6.55% compared to previous month's 7.47% for the first time in last two years primarily because of favourable base effect and sharp fall in core inflation in January to 6.67% from 7.69% in December.
- IIP for December slipped to 1.8% as compared to 5.9% in the previous month and 8.1% in the same month last year, much below the consensus of 3.0%
- The rupee remained stable after a sharp rally in January. Foreign inflows helped in negating the impact of rising crude prices which was up 10% in month of February.
- Liquidity in banking system remained extremely tight despite the 50bps cut in CRR. Banks have borrowed Rs1.8 trillion or 3% of their net demand and time liabilities from the RBI, much higher than the RBI's target of +/-1% and higher than last year's 1.5%.

Clearly high interest rates and poor business sentiments are hurting both investment and consumption demands. Credit growth is getting slowed and deposit growth having picked up YoY in FY12, the liquidity deficit has widened as the RBI intervened in the forex market to halt INR depreciation in CY11. There is a shortage of liquidity, and with year end, and advance tax payments, we expect the liquidity to remain extremely tight in March. A much anticipated 50bps CRR cut will infuse another Rs320bn into the system thus covering for 18% of the current shortfall. RBI has until now performed bond buybacks up to the tune of Rs1.2 trillion through OMOs to infuse liquidity in the system. OMOs have certainly helped to keep the yields on long term bonds low. We expect the benchmark GSec to trade in the range of 8.15-8.30%. The longer end of the yield curve is expected to remain volatile given high fiscal deficit and government borrowing this fiscal.

DEBT OUTLOOK

Short term rates would remain elevated given the stressed liquidity and year end scenarios. Going forward we expect the yield curve to steepen bullishly (short end rates falling faster than long rates) over the next 2 – 3 months. The short end rates currently are at their historical highs and peaking out hence we suggest short term funds with low average maturity and high carry in the portfolio as a superior investment option. Longer end of the curve would react once there is clear sign of RBI indicating policy rate cuts. Investors with higher risk appetite can invest a part of their portfolio in dynamic bond funds to play safe duration calls to generate better risk adjusted returns.

Rupesh Nagda

Head – Investments & Products
Alchemy Capital Management Pvt. Ltd

Alchemy High Growth

Bright Prospects for a Bright Future

Investment Strategy: The strategy aims to generate long-term returns by investing in equities across market capitalizations, but with a strong mid-cap bias.
Fund Manager: Mr. Chandraprakash Padiyar is a portfolio manager with over 10 years of research and investing experience. He is an MBA and CFA by qualification. He started his career in equity research and analysis at UTI Mutual Fund and later graduated to portfolio manager, managing assets across various equity schemes totaling Rs. 2,500 crores. He has been a portfolio manager with Alchemy since April 2007.

Strategy at a Glance

Category:	Equity Diversified
Fund Style:	Multi-cap Growth
Type:	Open Ended
Launch Date:	08 May, 2002
Benchmark:	BSE 500
Min. investment:	Rs. 50 lacs

Portfolio Action: Equity markets continue to perform well post a very strong January 2012 with FII buying another \$3.3 bn (adjusted for HDFC Ltd deal) while Domestic Institutions sold net \$ 2.4 bn. Nifty ended February 2012 with a net gain of 3.6%, BSE 500 a gain of 4.7%. Newsflows on EU agreeing for a fresh bailout of Greece as well as ECB lending Euro 530 bn 3 yr money to EU banks were key events for markets for the month of February.

March 2012 is likely to be a heavy month in terms of important events which are likely to drive the near term performance of our markets starting with UP/Punjab/Uttarakhand/Goa/Manipur election results on March 6, 2012 followed by RBI policy announcement on March 15, 2012 and last but not the least Union Budget on March 16, 2012. Markets would like to see the current UPA government gaining strength from the election verdict specially the UP elections which can allow the government to take strong reform measures starting with a non populist budget 2012. Also, a pro reform budget in terms of consolidation/lowering of the fiscal deficit can allow RBI enough room to cut policy rates aggressively. On the flip side, if the UPA government is unable to gain strength from the current election verdict, markets hope for a reform oriented policy environment from the government will wane and is likely to lead to short term correction in the markets.

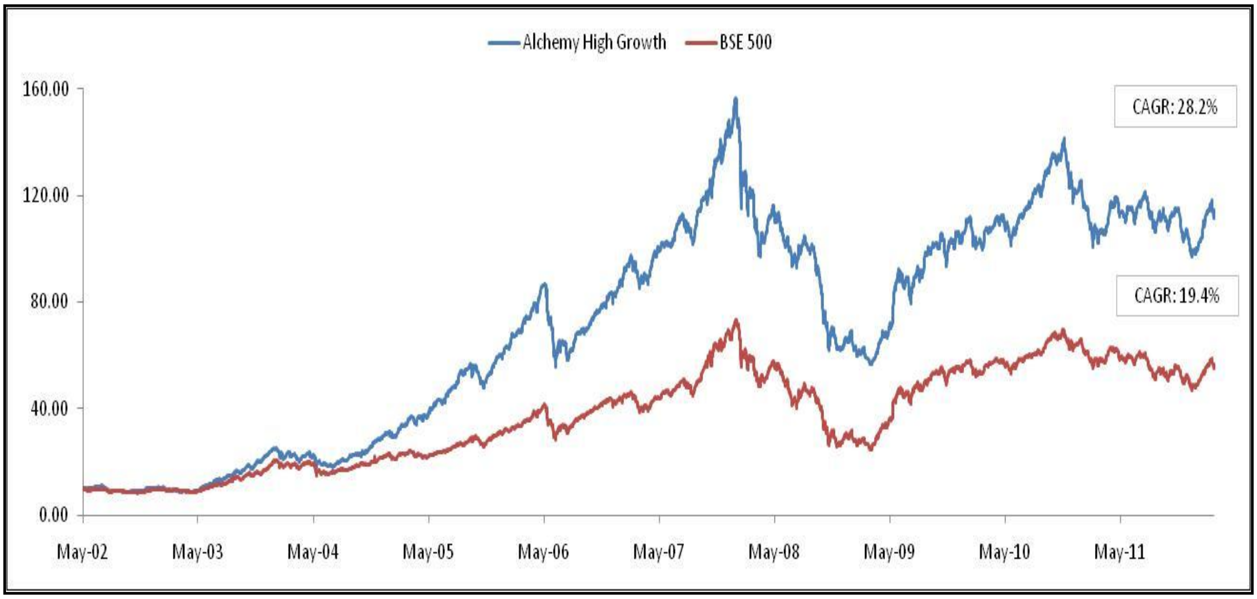
Globally all major developed market central banks specially the ECB and the US Fed have been infusing fresh liquidity in the system through monetizing large amounts of government debt. Some of this high liquidity is flowing towards commodity markets leading to price of all commodities shooting up once again in the recent past led by Crude. A prolonged high Crude price scenario in excess of \$125 per barrel can impact India’s fiscal deficit and growth outlook significantly.

We continue to expect RBI to reverse the interest rate cycle soon (starting April-June quarter). We also expect inflation to slow down going ahead which should allow the RBI to cut rates aggressively over the next 12-18 months period. This should drive positive sentiment on earnings growth and the markets going ahead.

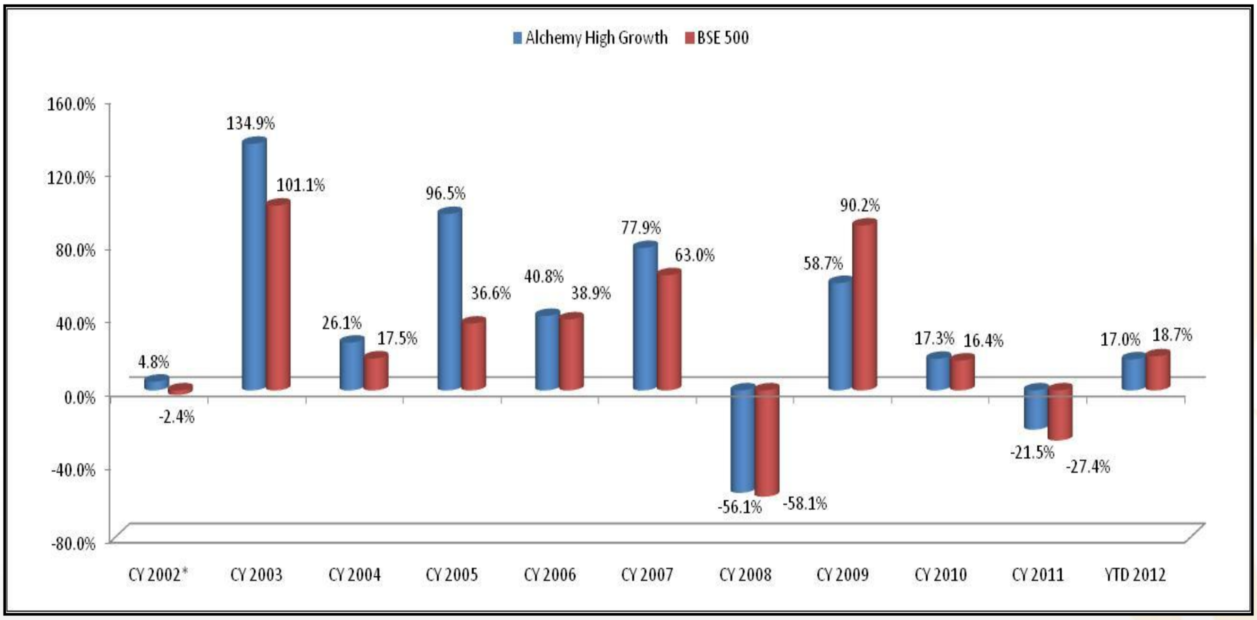
We are focused on companies having healthy balance sheets along with stable growth profile. Our preference for leaders in the respective sectors/themes have played out well over the past few years and expect the trend to continue going ahead. Overall, we expect FY13 to be a year of stock picking with markets mostly range bound and better performing companies being rewarded for their consistent performance. We expect to continue to outperform the benchmark indices going ahead and deliver strong absolute returns over the long term.

Alchemy High Growth

Bright Prospects for a Bright Future



* CAGR as on 29 Feb, 2012



* From inception of product (08 May, 2002)

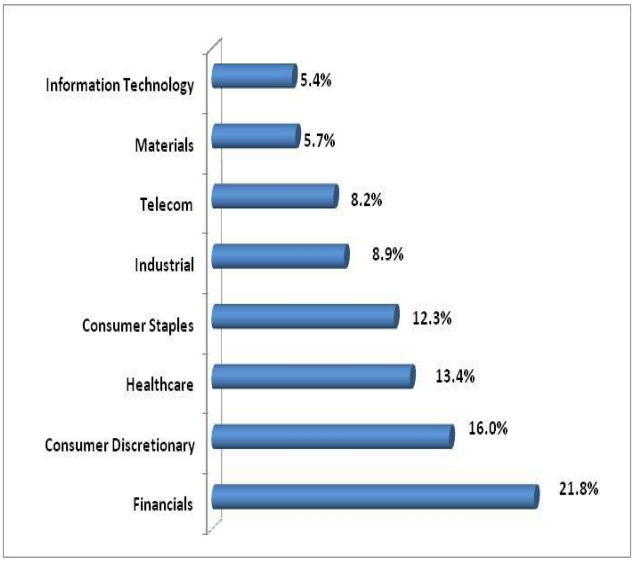
Note: The above returns are for a model portfolio; the investor's actual portfolio may differ.

PMS PRODUCT PERFORMANCE

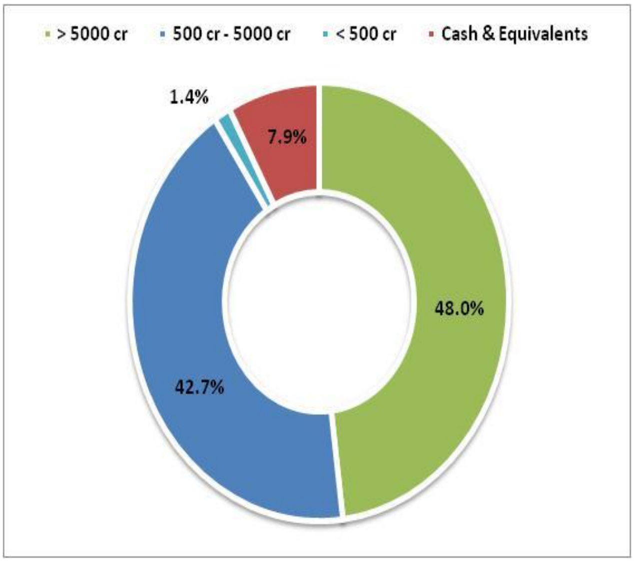
Alchemy High Growth

Bright Prospects for a Bright Future

TOP SECTORS (%)



MARKET CAP ALLOCATION



PERIODIC RETURNS

Period	Alchemy High Growth	Benchmark
6 Month	4.8%	5.7%
1 Yr	11.5%	0.1%
3 Yr	25.1%	28.5%
5 Yr	5.2%	6.8%
Since Inception	28.2%	19.4%

As on 29 Feb, 2012

RATIO ANALYSIS

Parameter	Alchemy High Growth (since inception)	Benchmark (since inception)
Std. Dev.	23.9%	25.9%
Sharpe	0.81	0.40
Beta	0.77	1

Alchemy Leaders

Quest for the Best

Investment Strategy: The strategy aims to generate long-term returns by investing in large-cap equities.

Fund Manager: Mr. Chandraprakash Padiyar is a portfolio manager with over 10 years of research and investing experience. He is an MBA and CFA by qualification. He started his career in equity research and analysis at UTI Mutual Fund and later graduated to portfolio manager, managing assets across various equity schemes totaling Rs2,500 crores. He has been a portfolio manager with Alchemy since April 2007.

Strategy at a Glance

Category:	Equity Diversified
Fund Style:	Large-cap Growth
Type:	Open Ended
Launch Date:	21 Dec, 2006
Benchmark:	S&P CNX Nifty
Min. investment:	Rs50 lacs

Portfolio Action: Equity markets continue to perform well post a very strong January 2012 with FII buying another $3.3 bn (adjusted for HDFC Ltd deal) while Domestic Institutions sold net $ 2.4 bn. Nifty ended February 2012 with a net gain of 3.6%, BSE 500 a gain of 4.7%. Newsflows on EU agreeing for a fresh bailout of Greece as well as ECB lending Euro 530 bn 3 yr money to EU banks were key events for markets for the month of February.

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Globally all major developed market central banks specially the ECB and the US Fed have been infusing fresh liquidity in the system through monetizing large amounts of government debt. Some of this high liquidity is flowing towards commodity markets leading to price of all commodities shooting up once again in the recent past led by Crude. A prolonged high Crude price scenario in excess of $125 per barrel can impact India's fiscal deficit and growth outlook significantly.

We continue to expect RBI to reverse the interest rate cycle soon (starting April-June quarter). We also expect inflation to slow down going ahead which should allow the RBI to cut rates aggressively over the next 12-18 months period. This should drive positive sentiment on earnings growth and the markets going ahead.

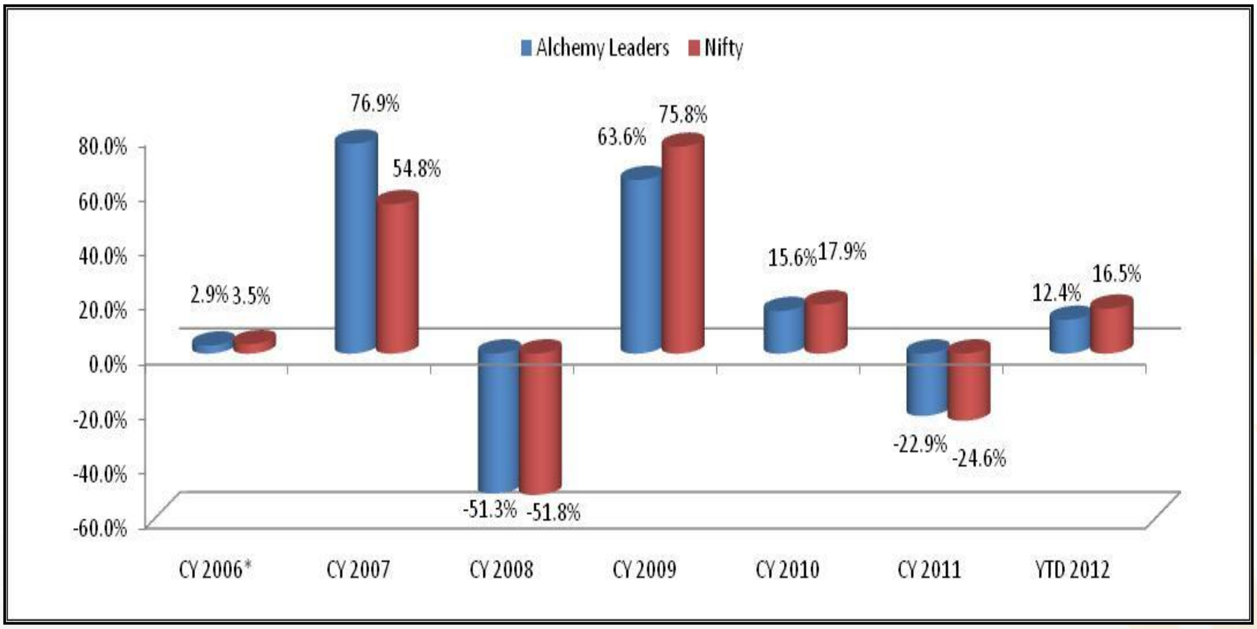
We are focused on companies having healthy balance sheets along with stable growth profile. Our preference for leaders in the respective sectors/themes have played out well over the past few years and expect the trend to continue going ahead. Overall, we expect FY13 to be a year of stock picking with markets mostly range bound and better performing companies being rewarded for their consistent performance. We expect to continue to outperform the benchmark indices going ahead and deliver strong absolute returns over the long term.

PMS PRODUCT PERFORMANCE

Alchemy Leaders

Quest for the Best

* CAGR as on 29 Feb, 2012



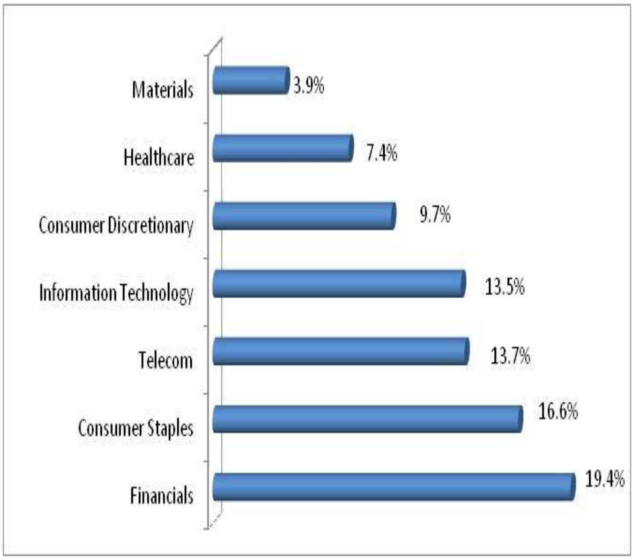
* From inception of product (21 December, 2006)

Note: The above returns are for a model portfolio; the investor's actual portfolio may differ.

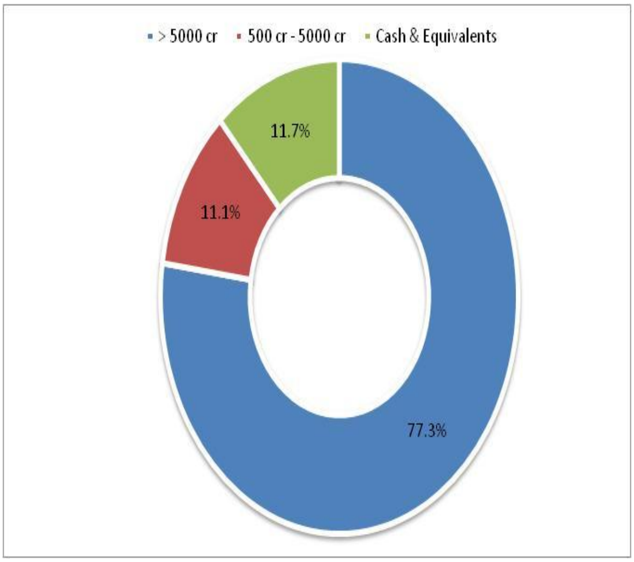
Alchemy Leaders

Quest for the Best

TOP SECTORS (%)



MARKET CAP ALLOCATION



PERIODIC RETURNS

Period	Alchemy Leaders	Benchmark
6 Month	3.1%	7.7%
1 Yr	2.5%	1.0%
3 Yr	20.2%	24.9%
5 Yr	6.3%	7.5%
Since Inception	7.5%	6.8%

As on 29 Feb, 2012

RATIO ANALYSIS

Parameter	Alchemy Leaders (since inception)	Benchmark (since inception)
Std. Dev.	21.1%	29.4%
Sharpe	-0.07	-0.07
Beta	0.63	1

Wealth Insight

March, last month of the fiscal year 2012 is expect to be a lively month with number of events which can potentially set the tone for the equity and debt markets goings forward and aid investor sentiments. Election results of the states (UP/Punjab/Uttarakhand/Goa/Manipur) are scheduled to be announced on March 6, 2012. Given the government's backtracking to key policy reforms earlier due to opposition from the allies, markets would like to see the current UPA government constituent Congress gaining strength at the centre. A strong congress performance could drive the government to take strong reform measures starting with a non populist budget. Reforms particularly in power, infrastructure and retail space could be taken up apart from consolidation/lowering of the fiscal deficit allowing RBI to act on monetary front. However if the congress perform miserably bad, markets hope for a reform oriented policy environment from the government will diminish which could translate into a short term correction in the markets. Market expects FY 13 Union Budget on March 16, 2012 would address the current economic deterioration and infuse confidence in economy with investment friendly sentiments.

Equity markets continued to witness the strong rally that was seen in January till the middle of February with FII's buying another $3.3 bn while domestic institutions sold net $2.4 bn. After a significant rally of 23% since the lows in December 2011, markets saw some correction, and enhanced volatility during the latter half of February with S&P Nifty ending with a net gain of 3.6% for the month of February 2012. Rate sensitive sectors like Financials and Industrials were able to outperform the Nifty during the month included while defensive sectors like healthcare, telecom and consumer staples under-performed the benchmark. The 3QFY2012 results have been on expected lines. Net profit margins have been lower on increased raw material, power and interest costs. On the global front Euro zone seems to be stabilizing with EU agreeing for a fresh bailout of Greece as well as ECB lending Euro 530 bn. Globally all major developed market central banks specially the ECB and the US Fed have been infusing fresh liquidity in the system through monetizing large amounts of government debt. Some of this high liquidity is flowing towards commodity markets leading to price of all commodities shooting up once again in the recent past led by Crude. A prolonged high Crude price scenario in excess of $125 per barrel can impact India's fiscal deficit and growth outlook significantly.

Impact of higher interest rates, weak investments and poor business sentiments continue to affect the economy which is quite evident from subdued macroeconomic indicators. The GDP data for third quarter of FY12 came in at 6.1% growth lowest in last ten quarters compared to market expectation of 6.4%, and against 8.1% of previous year. Headline WPI inflation for January came at 6.55% compared with 7.47% for the previous month supported by high base effect and fall in primary articles due to seasonality Manufactured product inflation moderated to 6.49%. Primary articles inflation fell at 2.25% vs. 3.1% in November. Core inflation in January corrected sharply to 6.60% from 7.69% in December. It is believed that primary article prices (especially food prices) that have corrected should rebound again in coming months but the base effect would check and keep the inflation under acceptable limits. IIP growth rate for the month of December stood at 1.8 % as against 5.9% reported in previous months much below than market expectation. Volatile IIP data along with slowing growth clearly indicative of unfavorable monetary environment which has started to hurt investments.

Backed by strong global liquidity flowing into emerging markets like India the currencies have appreciated significantly against USD. The INR marginally strengthened in February to close at 48.94 per US$, from the January end levels of 49.68/$ backed by strong FII flows. INR has appreciated close to 8.8% this year backed by strong flow of FII money into India markets.

RBI in its mid quarterly review policy on March 15, 2012 is widely anticipated to address the stressed liquidity in the banking system and may start the rate reversal cycle. Clearly high interest rates scenarios have marred both investment and consumption demands. Credit growth is getting slowed and deposit growth having picked up YoY in FY12, the liquidity deficit has widened as the RBI intervened in the forex market to halt INR depreciation in CY11. Liquidity in banking system remained extremely tight despite the 50bps cut in CRR in January. Banks have borrowed Rs1.8 trillion or 3% of their net demand and time liabilities from the RBI, much higher than the RBI's target of +/-1% and higher than last year's 1.5%. There is a shortage of liquidity, and with year end, and advance tax payments, we expect the liquidity to remain extremely tight in March. A much anticipated 50bps CRR cut will infuse another Rs320bn into the system thus covering for 18% of the current shortfall. RBI has until now performed bond buybacks up to the tune of Rs1.2 trillion through OMOs to infuse liquidity in the system. OMOs have certainly helped to keep the yields on long term bonds low. We expect the benchmark GSec to trade in the range of 8.15-8.30%. The longer end of the yield curve is expected to remain volatile given high fiscal deficit and government borrowing this fiscal. Auction of 3 months T-Bills for the month saw a cut-off of 9.06% which was a new high in the current cycle. Similarly, 3 months bank Certificate of Deposits (CD) hit a high of 10.70% and 1year Bank CDs hit a high of 10.40%. We believe short term rates would remain elevated given the stressed liquidity and year end scenarios. Going forward we expect the yield curve to steepen bullishly (short end rates falling faster than long rates) over the next 2 – 3 months. The short end rates currently are at their historical highs and peaking out hence we suggest short term funds with low average maturity and high carry in the portfolio as a superior investment option. Longer end of the curve would react once there is clear sign of RBI indicating policy rate cuts. Investors with higher risk appetite can invest a part of their portfolio in dynamic bond funds to play safe duration calls to generate better risk adjusted returns.

Gold continues to remain firm in India beside the volatility seen in the USD gold prices off late. The MCX Gold price closed at Rs 28599 as on 29th February 2012 posting a rise of 5.5% YTD and 37.5% YoY basis as against the India's equity market large cap index S & P Nifty has posted a meager return of 1%. With the US Federal Reserve pursuing policy of fiscal easing to keep inflation sharply in check by keeping zero interest rates and printing more currency, which effectively will devalue the dollar will cause the demand for precious yellow metal to steadily rise. On long term basis gold would continue to remain strong and attractive. We believe that gold is going to be firm and post new highs in coming times.

In our view the tight liquidity scenario prevailing in the money markets and, the visible slowdown in economic growth should give the RBI enough room to start lowering interest rates soon. We continue to expect RBI to reverse the interest rate cycle as early as April-June quarter. We also expect inflation to slow down going ahead which should allow the RBI to cut rates aggressively over the next 12-18 months period. This should drive positive sentiment on earnings growth and the markets going ahead with continued upward momentum on the back of strong global liquidity. Long term investors should use any significant decline in the market to increase their equity exposure as we believe equities will likely outperform all asset classes in 2012.

Key risks that we foresee for Indian markets going forward are rebound in the inflation numbers, rise in crude prices, continued high interest rates, tight liquidity condition and delay in implementing reform process due to political instability. In short we believe that asset allocation should consider cautious call on equities. Debt seems favorable as the carry yields are very high. Gold outlook is positive to maintain some allocation into it.

Year 2012 like we have witnessed so far can turn up to be a year full of surprises. We believe markets, be it equity, fixed income or commodities tends to be volatile and keep throwing opportunities with equal risks. Prudent investment strategy is to follow asset allocation process. We are of firm belief that one can ride any market crisis if he religiously follows the asset allocation while planning his or her investments. Based on our understanding of different asset classes we suggest following asset allocation for different profiles:

Asset Allocation			
Asset Class	Conservative	Moderate	Aggressive
Debt	80	50	20
Equity	10	40	70
Gold	10	10	10
Sub Asset Allocation			
Short term fund	40	30	10
Dynamic Funds	30	20	10
Gilts	0	0	0
Hybrid	10	0	0
Gold	10	10	10
Large Cap Equity	5	20	20
Diversified funds	5	20	30
Mid cap equity	0	0	20
Thematic equity	0	0	0
Total	100	100	100

Asset Allocation strategy for Conservative profile:

The objective is to conserve the capital along with growth at optimal returns i.e. better then bank deposit. We recommend an asset mix of 10% in Equities, 10% in Gold and 80% in Debt. Equity allocation should be strictly in large cap funds and diversified funds with better risk management approach. The equity allocation should be staggered over six months to ride the volatility. Debt allocation is through the mix of short term debt portfolios and dynamic bond funds. We expect yields to be range bound between 8.15% to 8.60% and short term yield would be at elevated levels due to tight liquidity. We expect short term yields to fall from these levels over next 1-2 months as RBI pauses it's tightening cycle in terms of policy rates and hence done major allocation in short term and medium term funds. 30% is allocated to dynamic bond funds to capture the any fall in long term bond yields. High inflation could be a risk to interest rates. We have allocated 10% in Gold which is considered as the best hedge against inflation and a safe haven in turbulent times.

Asset allocation strategy for Moderate profile:

The objective of Moderate portfolio is to generate optimal rate of return with medium risk. We recommend an asset mix of 40% in Equity, 10% in Gold and 50% in Debt. Equity allocation should be diversified in products carrying less risk and it is prudent to stagger over next six months. We have allocated 20% to large cap equity funds and 30% in diversify equity funds. Debt allocation is through the mix of short term debt portfolios and dynamic bond funds. We expect yields to be range bound between 8.15% to 8.60% and short term yield would be at elevated levels due to tight liquidity. We expect short term yields to fall from these levels over next 1-2 months as RBI pauses it's tightening cycle in terms of policy rates and hence done major allocation in short term and medium term funds. High inflation could be a risk to interest rates. We have allocated 10% in Gold which is considered as the best hedge against inflation and a safe haven in turbulent times.

Asset Allocation strategy for Aggressive profile:

Our research suggests that equities are poised for better growth in medium to long term. Markets are fairly valued at this point of time. We recommend asset split of 70% in Equities, 10% in Gold and 20% in Debt. Under equities, allocation is properly diversified between different styles of investments and themes to bring in more consistency in the portfolio return. We expect mid and small caps would post better returns going forward as the valuation gap between CNX Midcap index and Nifty has widen to 450bps, so we have allocated 20% in pure mid and small cap portfolios, 30% in diversified & value strategy and 20% in large cap portfolio. We recommend investments in equities to be staggered over next six months to ride the market volatility. Debt allocation should be through and short term debt. We have allocated 10% in Gold which is by far the best hedge against inflation and considered as safe haven in turbulent times.

Reference Model Portfolio for 100% Equity Profile:

Aggressive 100% equity portfolio		Scheme Returns (%)						Portfolio Returns (%)					
		1 month	3 months	6 Months	1 Year	3 Years	5 Years	1 month	3 months	6 Months	1 Year	3 Years	5 Years
DSP BlackRock Small and Midcap Fund - Growth	10%	8.49	10.61	2.79	8.10	41.18	11.39	0.85	1.06	0.28	0.81	4.12	1.14
Fidelity Equity Fund - Growth	10%	3.51	9.26	6.34	2.19	31.49	11.22	0.35	0.93	0.63	0.22	3.15	1.12
HDFC Equity Fund - Growth	10%	5.72	13.80	7.78	1.24	39.12	13.36	0.57	1.38	0.78	0.12	3.91	1.34
HDFC Top 200 - Growth	10%	4.59	13.62	9.28	3.16	34.15	14.55	0.46	1.36	0.93	0.32	3.41	1.46
ICICI Prudential Discovery Fund - Growth	10%	6.64	14.50	11.61	6.46	45.29	13.96	0.66	1.45	1.16	0.65	4.53	1.40
ICICI Prudential Focused Bluechip Equity Fund - Ret - Growth	10%	4.53	11.54	11.25	7.76	33.75	--	0.45	1.15	1.12	0.78	3.38	--
Mirae Asset India Opportunities Fund - Reg - Growth	10%	4.29	11.29	8.99	6.22	40.07	--	0.43	1.13	0.90	0.62	4.01	--
Reliance Equity Opportunities Fund - Growth	10%	5.44	12.83	8.93	10.22	43.01	11.95	0.54	1.28	0.89	1.02	4.30	1.20
Tata Equity P/E Fund - Growth	10%	8.44	15.26	11.57	6.97	35.68	14.53	0.84	1.53	1.16	0.70	3.57	1.45
UTI Opportunities Fund - Growth	10%	4.54	10.67	9.60	12.82	34.41	16.66	0.45	1.07	0.96	1.28	3.44	1.67
Total	100%							5.62	12.34	8.81	6.51	37.81	--
S&P Nifty		3.47	12.07	9.46	0.97	24.88	7.52	3.47	12.07	9.46	0.97	24.88	7.52
CNX Midcap		8.69	15.79	7.00	4.54	34.34	9.57	8.69	15.79	7.00	4.54	34.34	9.57

As on 29 Feb, 2012 Source: MFI ICRA

RECOMMENDED FUNDS

Recommended Funds	Returns (%)							
Equity Large cap	**Risk Level**	**Suggested Horizon**	**1 Months**	**3 Months**	**6 Months**	**1 Year**	**3 Years**	**5 Years**
Birla Sun Life Frontline Equity Fund - Plan A - Growth	Level 5	3 -5 years	3.62	10.00	6.81	1.06	29.25	11.88
DSP BlackRock Top 100 Equity Fund - Growth	Level 5	3 -5 years	4.35	14.07	9.96	6.60	27.07	13.15
Fidelity India Growth Fund - Growth	Level 5	3 -5 years	2.98	9.13	6.28	1.89	31.94	--
Franklin India Bluechip - Growth	Level 5	3 -5 years	4.62	11.61	10.06	6.30	32.23	12.05
HDFC Top 200 - Growth	Level 5	3 -5 years	4.59	13.62	9.28	3.16	34.15	14.55
ICICI Prudential Focused Bluechip Equity Fund - Ret - Growth	Level 5	3 -5 years	4.53	11.54	11.25	7.76	33.75	--
UTI Opportunities Fund - Growth	Level 5	3 -5 years	4.54	10.67	9.60	12.82	34.41	16.66
S&P Nifty			3.47	12.07	9.46	0.97	24.88	7.52
Equity Diversified	**Risk Level**	**Suggested Horizon**	**1 Months**	**3 Months**	**6 Months**	**1 Year**	**3 Years**	**5 Years**
DSP BlackRock Equity Fund - Growth	Level 5	3 -5 years	5.71	12.36	6.22	5.25	30.16	--
Fidelity Equity Fund - Growth	Level 5	3 -5 years	3.51	9.26	6.34	2.19	31.49	11.22
HDFC Equity Fund - Growth	Level 5	3 -5 years	5.72	13.80	7.78	1.24	39.12	13.36
ICICI Prudential Dynamic Plan - Growth	Level 5	3 -5 years	5.08	14.00	12.54	4.48	31.73	11.22
Mirae Asset India Opportunities Fund - Reg - Growth	Level 5	3 -5 years	4.29	11.29	8.99	6.22	40.07	--
Reliance Equity Opportunities Fund - Growth	Level 5	3-5 years	5.44	12.83	8.93	10.22	43.01	11.95
S&P Nifty			3.47	12.07	9.46	0.97	24.88	7.52
Equity Absolute Return Strategy	**Risk Level**	**Suggested Horizon**	**1 Months**	**3 Months**	**6 Months**	**1 Year**	**3 Years**	**5 Years**
Edelweiss Absolute Return Fund - Growth	Level 3	1-2 years	0.86	4.63	3.16	6.52	--	--
Equity Mid cap & Small cap	**Risk Level**	**Suggested Horizon**	**1 Months**	**3 Months**	**6 Months**	**1 Year**	**3 Years**	**5 Years**
DSP BlackRock Small and Midcap Fund - Growth	Level 6	3 -5 years	8.49	10.61	2.79	8.10	41.18	11.39
HDFC Mid-Cap Opportunities Fund - Growth	Level 6	3 -5 years	8.36	12.00	6.24	16.37	42.34	--
IDFC Premier Equity Fund - Plan A - Growth	Level 6	3 -5 years (Only SIP)	3.83	7.71	1.92	10.73	40.06	19.66
IDFC Sterling Equity Fund - Growth	Level 6	3 -5 years	7.01	9.40	2.80	6.53	36.49	--
UTI Master Value Fund - Growth	Level 6	3 -5 years	5.66	8.66	2.83	3.86	39.90	12.38
CNX Midcap			8.69	15.79	7.00	4.54	34.34	9.57
Equity Value funds	**Risk Level**	**Suggested Horizon**	**1 Months**	**3 Months**	**6 Months**	**1 Year**	**3 Years**	**5 Years**
ICICI Prudential Discovery Fund - Growth	Level 6	3 -5 years	6.64	14.50	11.61	6.46	45.29	13.96
Tata Equity P/E Fund - Growth	Level 5	3 -5 years	8.44	15.26	11.57	6.97	35.68	14.53
Templeton India Growth Fund - Growth	Level 5	3 -5 years	5.13	15.52	10.17	1.73	32.92	12.57
S&P Nifty			3.47	12.07	9.46	0.97	24.88	7.52
Equity Thematic funds	**Risk Level**	**Suggested Horizon**	**1 Months**	**3 Months**	**6 Months**	**1 Year**	**3 Years**	**5 Years**
DSP BlackRock India Tiger Fund - Growth	Level 6	5 years	5.51	14.31	6.03	-0.58	21.59	5.81
S&P Nifty			3.47	12.07	9.46	0.97	24.88	7.52
Equity Sector funds	**Risk Level**	**Suggested Horizon**	**1 Months**	**3 Months**	**6 Months**	**1 Year**	**3 Years**	**5 Years**
Reliance Banking Fund - Growth	Level 8	5 years	6.28	18.25	11.40	-1.39	42.67	22.28
Reliance Pharma Fund - Growth	Level 8	5 years	0.29	3.76	2.87	9.49	46.26	22.92
Equity Index fund	**Risk Level**	**Suggested Horizon**	**1 Months**	**3 Months**	**6 Months**	**1 Year**	**3 Years**	**5 Years**
Franklin India Index Fund - NSE Nifty Plan - Growth	Level 5	3 -5 years	3.27	11.67	8.90	1.08	24.74	7.22
GS Nifty BeES	Level 5	3 -5 years	3.48	12.12	9.60	2.00	25.70	8.33
UTI Nifty Fund - Growth	Level 5	3 -5 years	3.33	11.74	8.84	0.73	24.16	6.85
S&P Nifty			3.47	12.07	9.46	0.97	24.88	7.52
Balance funds	**Risk Level**	**Suggested Horizon**	**1 Months**	**3 Months**	**6 Months**	**1 Year**	**3 Years**	**5 Years**
HDFC Prudence Fund - Growth	Level 5	3 -5 years	4.92	11.07	6.18	7.18	36.40	14.05
Reliance RSF - Balanced - Growth	Level 4	3 -5 years	4.94	9.19	8.47	5.22	30.32	14.55
Tata Balanced Fund - Growth	Level 4	3 -5 years	4.15	8.79	6.88	8.84	27.50	11.89
Crisil Balanced Fund Index			2.57	8.94	8.00	3.96	18.59	8.41

As on 29 Feb, 2012
Source: MFI ICRA

ALCHEMY PRIVATE WEALTH

RECOMMENDED FUNDS

Recommended Funds	Returns (%)							
MIP-Conservative	Risk Level	Suggested Horizon	1 Months	3 Months	6 Months	1 Year	3 Years	5 Years
Birla Sun Life MIP II - Savings 5 - Growth	Level 2	1 year+	1.24	3.65	5.21	10.03	8.66	10.49
UTI - MIS - Advantage Fund - Growth	Level 3	1 year+	1.72	4.61	3.85	7.33	10.94	8.82
Crisil MIP Blended Index			1.24	4.38	5.38	7.43	8.87	7.43
MIP-Aggressive	Risk Level	Suggested Horizon	1 Months	3 Months	6 Months	1 Year	3 Years	5 Years
HDFC MIP - LTP - Growth	Level 3	2 year+	2.12	5.40	4.71	7.69	15.92	10.40
ICICI Prudential MIP 25 - Growth	Level 3	2 year+	2.16	5.33	6.43	9.17	13.22	7.69
Reliance MIP - Growth	Level 3	2 year+	1.87	6.88	6.01	9.16	14.03	11.11
Crisil MIP Blended Index			1.24	4.38	5.38	7.43	8.87	7.43
Short term debt	Risk Level	Suggested Horizon	1 Months	3 Months	6 Months	1 Year	3 Years	5 Years
DWS Cash Opportunities Fund - Reg - Growth	Level 1	3 - 6 months	9.85	9.36	9.26	9.41	6.69	--
Pramerica Short Term Income Fund - Growth	Level 1	3 - 6 months	8.81	9.58	9.59	10.58	--	--
Religare Credit Opportunities Fund - Reg - Growth	Level 1	3 - 6 months	9.90	9.30	9.23	9.40	--	--
Templeton India Low Duration Fund - Growth	Level 1	3 - 6 months	9.29	9.17	9.30	10.12	--	--
Axis Short Term Fund - Ret - Growth	Level 2	6 - 12 months	7.05	8.17	7.78	8.72	--	--
HDFC Short Term Plan - Growth	Level 2	6 - 12 months	6.48	8.83	8.29	9.09	7.16	9.03
IDFC SSIF - MTP - Plan A - Growth	Level 2	6 - 12 months	9.36	11.53	9.62	10.15	8.96	8.83
Reliance Short Term Fund - Growth	Level 2	6 - 12 months	9.16	10.03	8.57	8.79	7.15	8.80
Templeton India STIP - Growth	Level 2	18 months	8.18	8.24	8.51	9.48	8.55	9.38
CRISIL Short-Term Bond Fund Index			8.94	9.07	8.22	8.58	6.26	7.55
Income funds	Risk Level	Suggested Horizon	1 Months	3 Months	6 Months	1 Year	3 Years	5 Years
Birla Sun Life Dynamic Bond Fund - Ret - Growth	Level 2	1 year+	9.85	12.28	9.60	10.39	7.75	9.48
IDFC D B F- Plan A - Growth	Level 2	1 year+	10.58	14.17	11.75	11.84	5.90	9.31
Reliance RSF - Debt - Growth	Level 2	1 year+	8.56	9.43	8.63	9.26	7.45	6.31
SBI Dynamic Bond Fund - Growth	Level 2	1 year+	11.18	18.29	13.27	12.86	7.65	4.16
Crisil Composite Bond Fund Index			9.67	11.87	8.89	8.27	5.82	6.69
Ultra Short Term Funds	Risk Level	Suggested Horizon	1 Months	3 Months	6 Months	1 Year	3 Years	5 Years
HDFC Cash Mgmt Fund - Treasury Advantage - Ret - Growth	Level 1	In days	8.91	8.47	8.47	8.72	6.55	7.30
Pramerica Ultra Short Term Bond Fund - Growth	Level 1	In days	9.69	9.35	9.45	9.60	--	--
Reliance Money Manager Fund - Retail - Growth	Level 1	In days	9.05	8.73	8.76	9.00	6.68	--
Tata Floater Fund - Growth	Level 1	In days	9.32	9.14	9.23	9.39	7.00	7.78
Crisil Liquid Fund Index			8.74	8.61	8.46	8.34	6.01	6.89
Liquid Funds	Risk Level	Suggested Horizon	1 Months	3 Months	6 Months	1 Year	3 Years	5 Years
Birla Sun Life Cash Manager - Growth	Level 0	In days	8.62	8.52	8.68	8.82	6.40	7.11
BNP Paribas Overnight Fund - Growth	Level 0	In days	8.71	8.79	8.69	8.80	6.64	6.84
HDFC Cash Mgmt Fund - Savings Plan - Growth	Level 0	In days	9.26	9.27	9.13	9.13	6.70	7.43
Crisil Liquid Fund Index			8.74	8.61	8.46	8.34	6.01	6.89
Floating rate funds	Risk Level	Suggested Horizon	1 Months	3 Months	6 Months	1 Year	3 Years	5 Years
Birla Sun Life Floating Rate Fund - STP - Growth	Level 0	In days	9.33	9.31	9.13	9.23	6.83	7.39
Reliance FRF - ST - Growth	Level 0	In days	7.49	8.36	8.53	9.50	6.82	7.61
Crisil Liquid Fund Index			8.74	8.61	8.46	8.34	6.01	6.89
Gilt funds	Risk Level	Suggested Horizon	1 Months	3 Months	6 Months	1 Year	3 Years	5 Years
Birla Sun Life G Sec Fund - LT - Growth	Level 2	18 months	7.37	22.91	12.21	9.47	11.59	9.38
ICICI Prudential GFTP - Growth	Level 2	18 months	7.16	8.19	7.23	6.47	4.88	8.60
UTI Gilt Advantage Fund - L T P - Growth	Level 2	18 months	15.53	22.09	9.51	9.59	4.82	7.76
Crisil 10 Yr Gilt Index			20.07	25.09	7.95	4.99	1.81	6.45

For MIP (Conservative, Aggressive), returns for < 1 year: absolute, for >1 year: annualised.
For Debt and Liquid schemes, returns for all periods are annualised.

As on 29 Feb, 2012
Source: MFI ICRA

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