

BIRLA SUNLIFE INDIA REFORMS FUND

NFO SNAPSHOT

Investment objective

The investment objective is to generate growth and capital appreciation by building a portfolio of companies that are expected to benefit from the economic reforms, PSU divestment and increased government spending.

Scheme Details

Offer Date	May 10, 2010 – June 9, 2010
Type	Open Ended Equity Scheme (Growth and Dividend Option)
Benchmark Index	S&P CNX 500
Fund Manager	Mr. Ankit Sancheti
Entry Load	Nil
Exit Load	1 % (if redeemed / switched-out on within 1 year from the date of allotment)

Impact of Reforms post Economic Liberalization of 1990-91:

- Average GDP growth rate increased from a meager 3.9% CAGR from 1950 to 1990 to 6.6% CAGR in the last 2 decades and 8.65% CAGR in last 5 years.(Source: RBI)
- Landline and Mobile connections have grown from 15 Mn to 600 Mn with the Internet user base increasing from 3.42 Mn subscribers in 2002 to over 81 Mn in 2009.(Source:TRAI)
- Urbanization has grown from 26% to 30% while Organized retail has grown from nil to 5.5% of total retail sales in last decade.(Source: IIFL, KPMG)
- FDI and FII Inflow in India has been more than US\$ 200 Bn since 2000.(Source: IIFL)
- Number of Air Passengers tripled since 2000 with volume of passenger cars sold doubling in last 5 years thanks to the increasing purchasing power of the middle class.(Source: DGCA, SIAM, IIFL)
- The tax reforms made a significant contribution in increasing tax revenues due to simplification of the tax system and better tax compliance

Investment Rationale

The Government has initiated progressive measures across various sectors:

- Banking & Financial Services:** Providing additional banking licenses to private sector players, proposing higher FDI limits in Insurance and allowing greater participation by Foreign banks ;
- Oil & Gas:** Decontrol of Petroleum Product Prices, hike in the Administered Price Mechanism (APM) price of Natural Gas;
- Education:** Allowing 100% FDI in higher education, enactment of Right to Education Act, increased expenditure on school education by Rs.4200 cr;
- Divestment:** The government plans to divest Rs. 40,000 crores in 2010-11. This will lead to greater investor participation leading to better price discovery
- Physical Infrastructure:** Introduction of Real Estate Mutual Funds (REMF), Increased investments in Infrastructure projects from INR 21 Trn in XI Plan to INR 62 Trn between FY10 & FY20
- Track record of Equity Oriented scheme of the fund house.(Source: BSL Connect)

Scheme / (Benchmark Index)	Launch	AUM (Rs. Cr)	Returns (%) (as on April 30, 2010)			
			1 Year	3 Year	5 Year	Since inception
BSL Basic Industries Fund (Benchmark Index- BSE 200)	Jan-00	143	88.77 (66.51)	14.14 (10.20)	23.47 (22.10)	25.41 (12.92)
BSL Dividend Yield Plus (Benchmark Index- S & P CNX 500)	Feb-03	385	93.72 (64.03)	21.41 (8.93)	22.65 (20.91)	32.78 (27.56)
BSL Equity Fund (Benchmark Index – BSE 200)	Aug-98	1202	78.69 (66.51)	11.74 (10.20)	26.00 (22.10)	32.16 (18.58)
BSL Midcap Fund (Benchmark Index – CNX Midcap)	Oct-02	1768	113.91 (108.79)	18.70 (15.38)	27.45 (22.93)	37.09 (34.04)
BSL Infrastructure Fund (Benchmark Index – S&P CNX Nifty)	Mar-06	586	84.22 (51.93)	12.28 (8.88)	-	14.36 (11.35)

Managed by Mr. Ankit Sancheti. (Fund Manager for proposed BSL India Reforms Fund);

Recommendation:

For an emerging economy like India, macro-economic reforms across sectors need to be carried out to sustain overall growth momentum. As reforms unfold it would offer significant business and investment opportunities over a medium to long term time horizon.

Medium to long term perspective investment can be made considering the lag effect of the reforms bearing fruits.