

SBI PSU FUND – An open ended Equity Scheme

SCHEME FEATURES

Launch Date	17 th May, 2010
Close Date	14 th June, 2010
Options	Growth/Dividend
Fund Manager	Mr.R.Srinivasan
Benchmark Index	BSE PSU Index

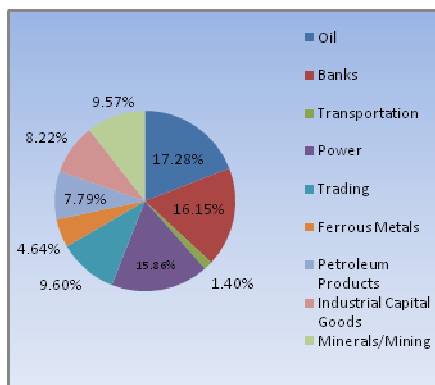
LOAD STRUCTURE

Entry Load	Not Applicable
Exit Load	if redeemed within 3 years
	Exit Load -1%
	If redeemed after 3 years
	Exit Load – Nil

ASSET ALLOCATION

Instruments	As a % of Net Asset		Risk Profile
	Min	Max	
Equity and Equity related instruments	65%	100%	Medium to High
Debt	0%	35%	Low to Medium

Sector Representation in BSE PSU Index (Source: Bloomberg)



ATTRACTIVE VALUATION

Index	P/BV	P/E
BSE 100	3.4	17.6
BSE 500	3.1	15.4
BSE PSU	3.0	14.2
SENSEX	3.5	17.1

BSE PSU Index is trading at relatively attractive trailing P/E multiple of 14.26 as against 17.16 P/E of Sensex companies with better earning growth rate better than Sensex

INVESTMENT OBJECTIVE

The objective of the scheme would be to provide investors with opportunities for long term growth in capital along with the liquidity of an open ended scheme through an active management of investments in a diversified basket of equity stocks of domestic public sector undertakings (PSU) and in debt and money market instruments issued by PSUs and others.

INVESTMENT RATIONALE

- As the reform process progresses over the next five to ten years, PSU's are likely to emerge as more robust and vibrant players in different parts of the economy;
- This Fund aims to capitalize on the in stored value of disinvestment or divestment which tends to improve price discovery, valuation and liquidity for such stocks;
- The PSUs are available at valuations lower than their private sector counterparts, historically have provided high dividend payouts resulting in higher dividend yield for the investors;
- Top 18 PSUs total income is equal to 15% of India's GDP (Source: Moneycontrol.com)
- Big Players: (Source: SBIMF Website)
 - NTPC produces more than 28% of India's Electricity
 - 77% of India's oil production comes from ONGC.
 - State Bank of India accounts for 20% of India's Loans and Deposits
 - SAIL contributes 44% of India's crude steel production
- PSU stocks have been resilient in tough periods for the markets and the economy. When the market fell in 2008, the PSU index did not fall as much as the BSE Sensex
- Strong dividend payout history

TRACK RECORD OF EQUITY ORIENTED SCHEMES OF THE FUND HOUSE (Source: SBI Factsheet)

Scheme	Launch	AUM (Rs. Cr)	Returns (%) (as on April 30, 2010)			
			1 year	3 year	5 year	Since inception
SBI Magnum Equity Fund ## (Benchmark: BSE 100 Index)	Jan-91	416	94.1 (88.1)	14.30 (12.1)	26.4 (21.7)	15.90 (16.31)
SBI Magnum Global Fund ## (Benchmark: BSE 100 Index)	Apr-05	1238	139.8 (88.1)	7.00 (12.1)	23.8 (21.7)	14.26 (10.28)
SBI Magnum Sector Funds Umbrella – Emerging Businesses Fund ## (Benchmark: BSE 500 Index)	Oct-04	205	152.7 (96.3)	7.91 (11.7)	19.1 (20.3)	25.31 (21.81)
SBI Magnum Sector Funds Umbrella – Contra Fund (Benchmark: BSE 100 Index)	July-99	3554	87.8 (88.1)	16.14 (12.1)	28.3 (21.7)	27.93 (15.25)
SBI Magnum Multiplier Plus (Benchmark: BSE 100 Index)	Feb-93	1122	86.8 (88.1)	14.04 (12.1)	27.9 (21.7)	15.20 (12.67)

managed by Mr. R.Srinivasan. (Fund Manager for the proposed SBI PSU Fund)

UNLOCKING POTENTIAL (Source: NSE)

Company	Offer Price (in Rs)	CMP (in Rs)	CAGR	BSE 100 CAGR
REC Ltd	105	271	55%	2%
PFC	85	288	46%	8%
PNB	31	1010	54%	23%

RECOMMENDATION

- PSUs are the wealth creators of the nation with strong fundamentals and moreover they are available at attractive valuations compared to broader markets.
- Investors will benefit over a medium to long term horizon because of the value unlocking in these PSUs
- Investors can benefit from diversification in their portfolio by investing in this scheme