

Religare Contra Fund

What is Contra Investing?

Contra investing is an investment strategy, which involves picking 'overlooked' or 'undiscovered' stocks, albeit with sound fundamentals. These companies continue to exhibit strong balance sheet and sustainable business models, but may be underperforming the markets for a brief period due to a variety of reasons, which are temporary in nature.

In other words, a contra fund invests in companies, which are out-of-favour with the overall market but at the same time have unrecognized value. Contrarian approach towards investment is based on the premise of identifying these out-of-favour stocks and move away from the herd mentality, looking for that first mover advantage in these scrips, in case of a turnaround. It involves investing in stocks, which are currently trading at a bargain, contrary to growth/momentum led approach to stock picking.

Presenting Religare Contra Fund

Religare Contra Fund invests in companies that are fundamentally sound, but generally are undervalued at the time of investment due to lack of investor interest. Companies that have embarked on the path of turnaround by restructuring of operations, hiving off unrelated business, etc. and where the results of the turnaround are likely to accrue in the long term. Companies with strong management, but operating in commodities, where there are signs of bottoming out of the business cycle.

As Contra opportunity exists in all market cycles, investors who want to take advantage of these opportunities may consider investing in the fund. Contra opportunity may exist in all segments, and may encompass both value and growth stocks. It is the 'out-of-favour' nature of the stock or sector that decides whether it features in the portfolio or not.

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Religare Contra Fund – Investment Strategy

- Invests in 'fundamentally sound' companies, which are ignored by the herd so far.
- Believes in incubating stocks for a while before they find favour with rest of the market.
- The fund sells stocks when it finds valuations excessive or when business fundamentals deteriorate or when there are better alternatives. The fund does not sell just because the company has moved from the contra stage to the attractive stage of its life cycle.
- Anticipates favorable trends/changes in these companies.
- Includes 'Special Situations' and 'Out of Ordinary' investing.
- Diversified; No Cap bias.
- The fund targets to stay invested at 90%.

Fund Performance (as on 30th June, 2011)

Particulars	6 Months*	1 Year**	3 Years**	Since Inception**
Scheme [^]	-5.28%	1.64%	21.86%	12.00%
BSE 500 ^{^^}	-8.74%	2.44%	11.68%	9.10%

[^] Past performance may or may not be sustained in future. ^{**} Benchmark Index. Inception Date: April 11, 2007. * Absolute Returns. ** Compounded Annualised. Returns are of Growth option.

How 'Contra' opportunities are created?

- Investors tend to follow trends and short-term events, and flock to the performing themes. Conversely, they tend to overreact to negative news.
- Higher the prices go up; more the people want to buy, resulting in herd mentality.
- Herd mentality often leads to stocks trading at a much higher premium/discount than their intrinsic value.
- This creates 'Contra' opportunities.

A contrarian investor buys ignored companies and then waits for the herd to discover them, which then results in their share prices going up, thus benefitting by going against the crowd. A contrarian aims to be early in investing in companies that have potential, even as the herd may be more focused on the risk associated with the company. Conversely, a contrarian investor sells companies that have performed more than their potential. Therefore, a focus on the big picture and long term fundamentals rather than short term events, is maintained at all times.

SIP Performance (as on 30th June, 2011)

SIP : ₹ 1,000 invested on 1st business day of every month

SIP Investments	1 Year	2 Years	3 Years	Since Inception
Amount Invested in Scheme (₹)	12,000	24,000	36,000	51,000
Value of Investment (₹)*	11,828	25,804	50,075	71,162
Returns on Investment (XIRR)*	-2.67%	7.17%	22.72%	15.81%
BSE 500 [^] (XIRR)	-5.45%	4.83%	17.07%	10.12%

***Past performance may or may not be sustained in future.** Returns are of Growth Option. [^] Benchmark. Load is not taken into consideration. Please refer relative performance table for non SIP returns. Inception Date: April 11, 2007. The above calculation is based on the 1st declared NAV date ie 12/04/07. **Disclaimer:** The above investment simulation is for illustrative purpose only and should not be construed as a promise on minimum returns and safeguard of capital. The AMC/Mutual Fund is not guaranteeing or promising or forecasting any returns. SIP does not ensure a profit or guarantee protection against a loss in a declining market. Please refer SIP Enrolment Form or contact nearest ISC for Load Structure.

Quarterly Performance[^]

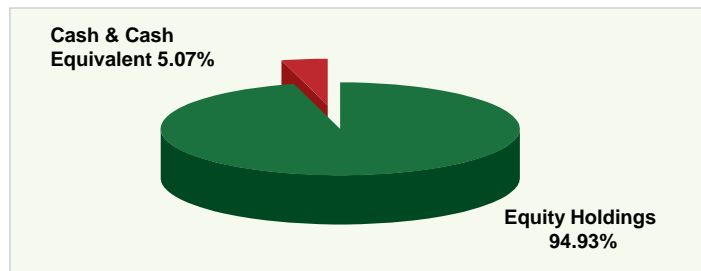
	Qtr1*		Qtr2*		Qtr3*		Qtr4*		Year**	
	Sch-eme (%)	Bench-mark# (%)	Sch-eme (%)	Bench-mark# (%)	Sch-eme (%)	Bench-mark# (%)	Sch-eme (%)	Bench-mark# (%)	Sch-eme (%)	Bench-mark# (%)
11	-4.46	-6.58	-0.86	-2.31	n.a	n.a	n.a	n.a	n.a	n.a
10	0.07	1.13	5.17	2.50	8.44	12.58	-1.05	-0.29	12.92	16.35
09	-1.40	-2.0	52.1	55.90	27.00	19.31	7.40	4.42	104.7	90.23
08	-27.80	-28.30	-14.50	-15.30	0.10	-6.10	-17.50	-26.60	-48.96	-58.14
07	n.a	n.a	n.a	n.a	12.40	17.20	17.30	26.90	n.a	n.a

[^] Past performance may or may not be sustained in future. Refer relative performance table. Based on calendar quarter. * Absolute Returns ** Compounded Annualised Returns. # BSE500

Performance Attributes	Scheme	Benchmark
Average Rolling Returns (monthly)	1.71%	1.30%
Standard Deviation (monthly)	5%	5%
Sharpe Ratio (monthly)	0.20	0.12
Beta	0.92	1.00
R-Squared	0.91	1.00

Past performance may or may not be sustained in future. Figure based on 2 years, monthly data history, risk-free rate of return is assumed to be 8.15% (based on the prevailing yield of 91 day Treasury Bill). Data as on June 30, 2011. Returns are of the Growth option. Source: RMF

Asset Allocation (as on 30th June, 2011)



Portfolio Holdings (% of net assets)

Top 10 Holdings	% Allocation in Previous Months					
	Jun-11	May-11	Apr-11	Mar-11	Feb-11	Jan-11
Reliance Industries Ltd	7.79	8.39	7.83	8.37	6.62	6.18
Bharti Airtel Ltd	6.26	6.04	6.09	5.74	5.62	5.30
ICICI Bank Ltd	5.65	5.70	5.81	5.83	4.43	3.03
ITC Ltd	4.73	4.58	4.53	4.29	4.21	3.96
Maruti Suzuki India Ltd	3.73	4.02	3.57	3.11	2.73	2.78
ING Vysya Bank Ltd	3.30	3.32	3.37	2.72	2.68	2.66
Infosys Ltd	3.27	3.53	2.98	1.99	1.60	1.57
United Phosphorus Ltd	3.27	3.19	2.32	2.59	2.81	2.86
Tech Mahindra Ltd	3.13	2.49	1.97	1.94	1.96	1.93
Tata Consultancy Services Ltd	3.11	5.09	5.09	7.23	7.16	7.32

Key Facts

Type of Scheme	An open ended Equity Scheme			Minimum Investment Amount
Investment Objective	To generate capital appreciation through investment in equity and equity-related instruments. The Scheme will seek to generate capital appreciation through means of contrarian investing.			Lumpsum : ₹ 5,000/- and in multiples of Re.1/- thereafter Systematic Investment Plan (SIP) :
Asset Allocation Pattern	Instruments	Indicative Allocation (% of Net Assets)		Options
		Minimum	Maximum	Minimum Amount
	Equity and Equity-Related Instruments	65	100	Minimum Installments
	Debt & Money Market Instruments*	0	35	High/Medium/Low
				High
				Low to Medium
*Debt instruments may include securitized debt (excluding foreign securitized debt) upto 100% of the debt component. Maximum exposure to the derivatives shall not exceed 50% of the net assets of the Scheme, subject to the limits as specified by SEBI, from time to time.				Load Structure (Lumpsum Purchase/SIP/STP)
Options	<ul style="list-style-type: none"> • Growth Option • Dividend Payout • Dividend Reinvestment (If dividend payable under the dividend option is equal to or less than ₹ 500/- then the dividend would be compulsorily reinvested)			Entry Load: Nil [#] Exit Load: 1% (if redeemed/switched out on or before 1 year from the date of allotment); Nil (if redeemed/switched out after 1 year from the date of allotment)
				Fund Manager
				Benchmark Index
				Vetri Subramaniam
				BSE 500

Distributed by

[#]The upfront commission, if any, on investment made by the investor shall be paid by the investor directly to the Distributor, based on his assessment of various factors including the service rendered by the Distributor.

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Risk Factors: All mutual funds and securities investments are subject to market risks and there can be no assurance that the objective of Scheme will be achieved. Investment in Mutual Fund units involve investment risks such as trading volumes, settlement risk, liquidity risks, default risk including the possible loss of capital. **As with any investment in securities, the NAV of the units issued under Scheme may go up or down depending upon the factors and forces affecting the securities markets.** Since the Scheme has a contrarian style of investment, it might underperform the markets in scenarios of strong upward or downward cycles. The Scheme seeks to generate returns out of identifying themes and market segments that are likely to outperform in the future. This may or may not happen. Past performance of the Sponsor and its affiliates / AMC / Mutual Fund and its Scheme(s) do not indicate the future performance of the Scheme of the Mutual Fund. **Religare Contra Fund, an open ended equity scheme, is only the name of the Scheme and does not in any manner indicate either the quality of the Scheme, its future prospects and returns. Please read the Scheme Information Document and Statement of Additional Information before investing. Terms of Issue:** The units will be available for subscription and redemption on all Business days at applicable NAV, subject to applicable load. **Statutory Details:** Religare Mutual Fund has been set up as a trust sponsored by Religare Securities Ltd. (liability restricted to ₹ 1,50,000) with Religare Trustee Company Ltd. as the Trustee (Trustee under the Indian Trusts Act, 1882) and with Religare Asset Management Company Ltd. as the Investment Manager.

Portfolio Shifts (% of net assets)

New Entry	June-11	Complete Exit	%Allocation In Previous Month
Hindustan Petroleum Corp. Ltd.	1.53	Bank of India	1.40
Pantaloon Retail (India) Ltd.	1.04	Canara Bank Ltd.	1.48
Tata Power Co. Ltd.	1.03	Tata Global Beverages Ltd	1.44
Crompton Greaves Ltd.	0.98	Bosch Ltd.	1.44
Great Eastern Shipping Co. Ltd.	0.97		
Bharat Electronics Ltd.	0.95		
Bajaj Holdings & Investment Ltd.	0.93		
Dena Bank Ltd.	0.73		
Punjab & Sind Bank	0.72		

Top Sector/Respective Stock[^]

Banks	16.22%	ICICI Bank Ltd.	5.65%
Software	9.51%	Infosys Ltd.	3.27%
Petroleum Products	9.32%	Reliance Industries Ltd.	7.79%
Consumer Non Durables	8.81%	ITC Ltd.	4.73%
Telecom - Services	6.26%	Bharti Airtel Ltd.	6.26%

[^](% of Net Assets) as on 30th June, 2011.

Dividend Distribution

Record Date	₹ Per Unit	Cum-Dividend NAV
12-Mar-10	2.0	13.48
7-Sep-09	1.2	13.12

Past performance may or may not be sustained in future. Dividend is on face value of ₹ 10/- per unit. After the payment of dividend, the per unit NAV will fall to the extent of dividend payout and applicable statutory levy, if any.

Who Should Invest?

- Investors looking for investment in undervalued and over-looked stocks.
- Investors looking for sound investment opportunities in times of volatility.
- Investors looking to diversify their portfolio.
- Investors with a willingness to stay invested for a long-term to realize the full potential of contrarian investments.