



## **Press Release**

# **Religare MF launches Religare PSU Equity Fund**

**NFO Now Open; Closes: 28<sup>th</sup> Oct, 2009**

**Mumbai, Sept 29<sup>th</sup>, 2009:** Religare MF today announced the launch of its new fund '**Religare PSU Equity Fund**' (an open ended equity scheme). The fund seeks to generate capital appreciation by investing in companies where the Central / State Government (s) has majority shareholding or where the management control lies with the Government. The fund aims to select fundamentally sound companies having the potential to deliver superior growth in the long term. The Fund will invest in Government companies having presence in core sectors and companies, which are expected to benefit from the divestment process and reforms. At least 65% of the assets will be invested in companies, which are part of the BSE PSU Index. Balance 35% will be invested in PSUs outside the BSE PSU Index. The fund will also participate in forthcoming IPOs of Government companies. In addition, the Fund mandate has been carefully thought through and provides the flexibility to hold up to 20% of the companies even after the Government exits or becomes a minority shareholder, past examples being Hindustan Zinc and Maruti.

### **PSUs – Fast Facts**

- **6 out of Top 10 companies\* in India are Public Sector Companies.**
- **Rs. 1 lac invested in Public Sector Companies\* in Jan 2000 is worth over Rs.5.5 lacs today in comparison to Rs 2.9 lacs delivered by BSE Sensex companies.**

- **PSU companies<sup>#</sup> over the last 1 year and 3 year periods have delivered higher returns in comparison to returns delivered by Sensex companies.**
- **Divestment will make PSUs even more lucrative in the future.**
- **In 2008, Public Sector Companies paid over 33.5% of net profits as dividends.**
- **Most PSUs are leaders in their category, virtual monopolies in many.**

*\* In terms of market cap; # represented by BSE PSU Index*

Speaking on the occasion, **Saurabh Nanavati, Chief Executive Officer, Religare Mutual Fund** said, “PSU companies are attractively priced in terms of valuations vis-a –vis the broader markets and the BSE Sensex – almost at a 20-30% discount, thereby offering a good margin of safety for the investor. With GDP growth being led by Government spending last year and for the next 2-3 years, PSUs will be natural beneficiaries, with strong growth potential.”

“Further, disinvestment by the Government would lead to significant re-rating of PSU companies. Remember all our local indices and MSCI India are on a free float basis, where PSUs score poorly – e.g. PSU weightage in Nifty by Market capitalization is approx. 29% while actual weightage is only 14.7% due to low free float. As the Government divests, fund managers across the world will have to increase their weightage in PSUs. While Urban India may have a poor perception of PSU companies, the stock performance over the last 1, 3 and 10 years have proved to be even better than the Sensex. The future too has a lot of upside triggers in their favour and Indian and foreign investors just cannot ignore this category.”

“Religare AMC post its acquisition of Lotus AMC in Dec 2009, has established presence through 61 own branches in 57 cities till date, to service its 12,000+ distributors and 220,000+ clients. Our AUM too has grown 4 fold to Rs. 14,700

crores, over a 10 month period and we would like to thank our investors for their confidence in the Religare brand.”

The fund will adopt a bottom up & top down approach to create a diversified portfolio of stocks. The fund will have no capitalization bias and will be style neutral. The fund offers both Growth and Dividend options. Units will be issued at Rs. 10 per unit. No Entry Load will be charged for investments in this fund. For Lumpsum purchase, the minimum application amount is Rs. 5000/- and in multiples of Re.1/- thereafter. For SIP investments the minimum application amount is Rs. 1000/- and in multiples of Re.1/- thereafter per month .The minimum tenure for SIP enrollment is 6 months under the monthly option and 4 months under the quarterly option. The fund is benchmarked to BSE PSU Index. The fund opened for subscription on 29<sup>th</sup> Sept, 2009 and will be closed for subscription on 28th Oct, 2009.

### **About Religare Asset Management**

With average assets under management of over **INR 147bn** ( for Aug 2009), expertise that extends across equity and fixed income investments, Religare Asset Management offers you a broad range of funds designed to suit your investment needs with an aim to provide best-in-class investment products across asset classes, regions and risk spectrum with high standards of customer service.

Religare Asset Management is promoted by Religare Securities Ltd. - a wholly owned subsidiary of Religare Enterprises Ltd., which is one of India’s leading integrated financial services group offering services ranging from equities, commodities and insurance broking to wealth management, investment banking, portfolio management and personal financial services.

For more information, log on to [www.religaremf.com](http://www.religaremf.com)

### **About Religare Enterprises Limited**

A diversified financial services group with a pan-India presence and presence in multiple international locations, Religare Enterprises Limited (“REL”) offers a comprehensive suite of customer-focused financial products and services targeted at retail investors, high net worth individuals and corporate and institutional clients.

REL, along with its joint venture partners, offers a range of products and services in India, including asset management, life insurance, wealth management, equity and commodity broking, investment banking, lending services, private equity and venture capital. Religare has also ventured into the alternative investments sphere through its holistic arts initiative and film fund. With a view to expand and diversify, REL operates in the life insurance space under ‘Aegon Religare Life Insurance Company Limited’ and has launched India’s first wealth management joint venture under the brand name ‘Religare Macquarie Private Wealth’. REL, through its subsidiaries, has launched India’s first holistic arts initiative – with a gallery -- as well as the first SEBI approved film fund, which is an initiative towards innovation and spotting new opportunities for creation and maximization of wealth for investors. REL operates from seven domestic regional offices, 43 sub-regional offices, and has a presence in 498 cities and towns controlling 1,837 business locations all over India as on June 2009.

To make a mark in the global arena, REL acquired UK-based Hichens, Harrison & Co. in 2008 which was subsequently re-named as Religare Hichens Harrison PLC (“RHH”). Hichens, Harrison & Co. was incorporated in London in the year 1803 and is believed to be one of the oldest firms of stockbrokers in the City of London. Pursuant to expansion of REL’s business, the company has grown from largely an equity trading company into a diversified financial services company.

With the addition of RHH the REL group now operates out of multiple global locations, other than India, (the UK, the USA, Brazil, South Africa, Dubai and Singapore). For more information, please visit - [www.religare.in](http://www.religare.in)

*“Religare Enterprises Limited proposes, subject to receipt of requisite approvals, market conditions and other considerations, to make a rights issue of its equity shares to its existing shareholders and has filed a draft letter of offer (“DLOF”) with the Securities and Exchange Board of India (“SEBI”). The DLOF is available on the website of SEBI at [www.sebi.gov.in](http://www.sebi.gov.in) as well as on the websites of the lead manager at [www.enam.com](http://www.enam.com). Investment in equity shares involves a high degree of risk and for details relating to the same, please refer to the section titled “Risk Factors” of the DLOF.”*

For further information, please contact:

Haresh L. Sadani

Head – Marketing & Products

Religare Asset Management Company Limited,

Tel : 022 6731 0145 Fax : 022 28371565

Cell : 98203 49310 Email : [haresh.sadani@religaremf.com](mailto:haresh.sadani@religaremf.com)

**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. 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. In line with its investment objective, the Scheme will invest only in equity and equity related instruments of PSU companies and hence it will be affected by the policy of the government with respect to PSU companies. 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. Investors in the Scheme are not being offered any guaranteed / assured returns. **Religare PSU Equity Fund**, an open ended equity scheme (*Investment Objective:* To generate capital appreciation by investing in equity and equity related instruments of companies where the Central / State Government(s) has majority shareholding or management control or has powers to appoint majority of directors.) is only the name of the Scheme and does not in any manner indicate either the quality of the Scheme or its future prospects and returns. **Asset Allocation Pattern:** Equity & Equity Related Instruments (EERI) of the constituents of BSE PSU Index:65-100%. EERI of PSU companies other than the constituents of BSE PSU Index:0-35%. EERI of non PSU companies#:0-20%. Debt (including securitized debt up to 20% of the net assets) & Money Market Instruments:0-35%. #Companies which are PSU at the time of investment and which may subsequently become non PSU because of privatization or disinvestment. **Load Structure: Entry Load:** Nil. **Exit Load:** 1%, if redeemed on or before 1 year from the date of allotment & Nil, if redeemed after 1 year from the date of allotment. **Please read the Scheme Information Document (SID) and Statement of Additional Information (SAI) before investing.** SID, SAI and KIM cum Application Form are available at ISC/Distributors. **Terms of Issue:** Rs.10/- per unit. Redemption on all Business Days. **Statutory Details:** Religare Mutual Fund has been set up as a trust sponsored by Religare Securities Ltd. (liability restricted to Rs. 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.