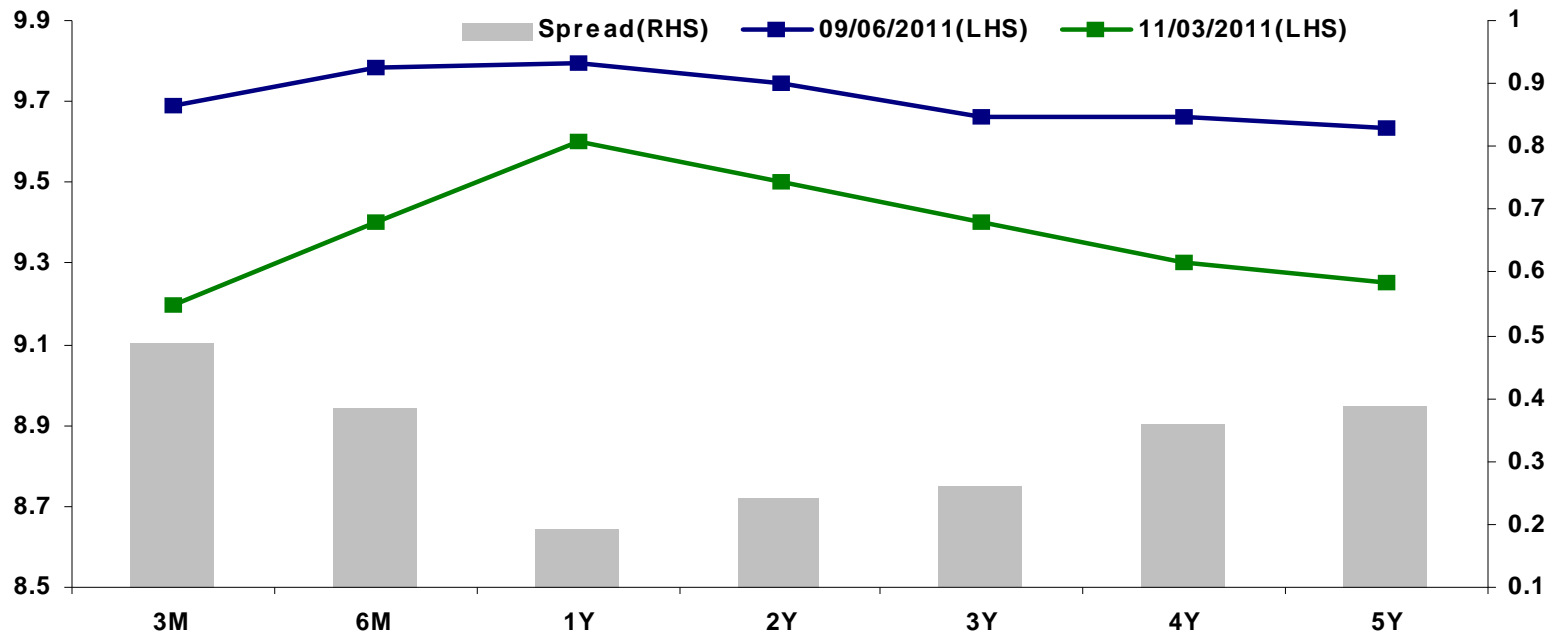


Religare Medium Term Bond Fund

Yield Structure

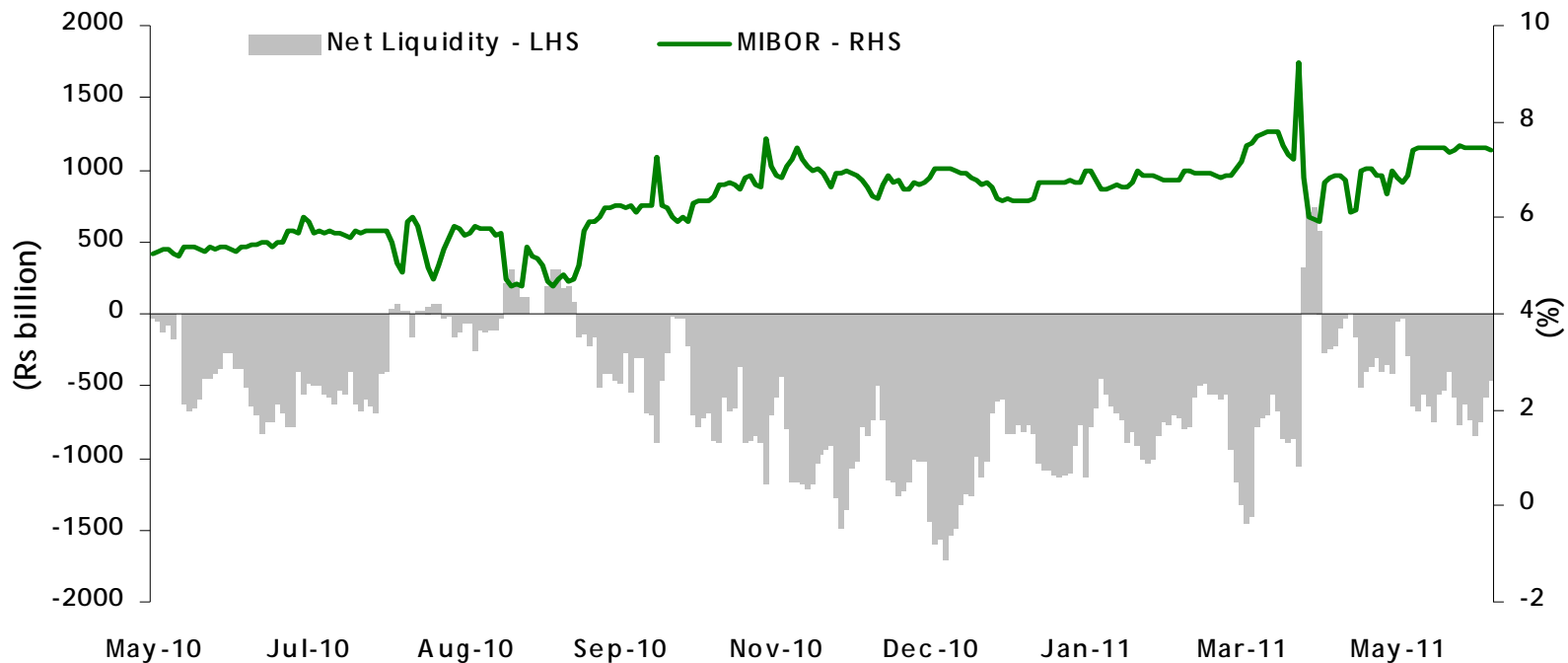


Yield Changes for Indian AAA PSU Curve

- Over the previous 6 months the yield of papers maturing between 3 months - 2 years have increased by 150bps to 300bps
- Currently we are invested in maturities ranging from 6 months to 2 years
- Post the credit policy review we have noticed some softening in the yield curve upto 1 year segment

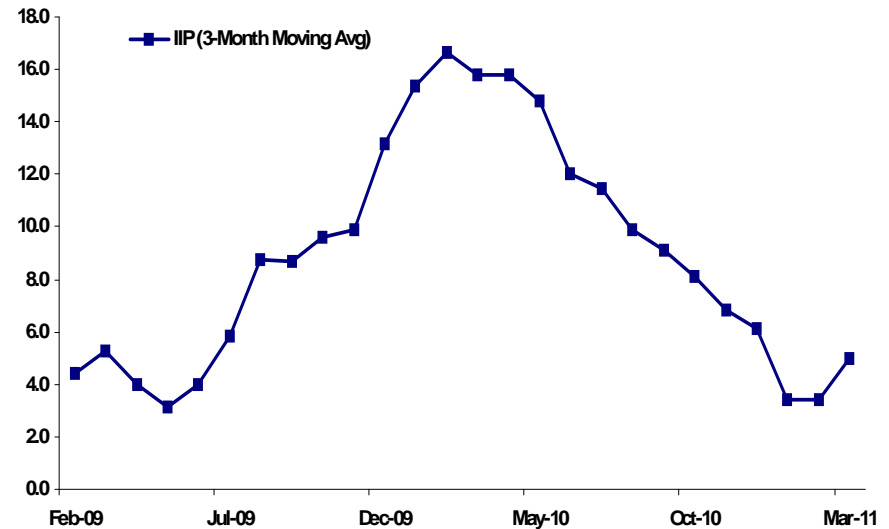
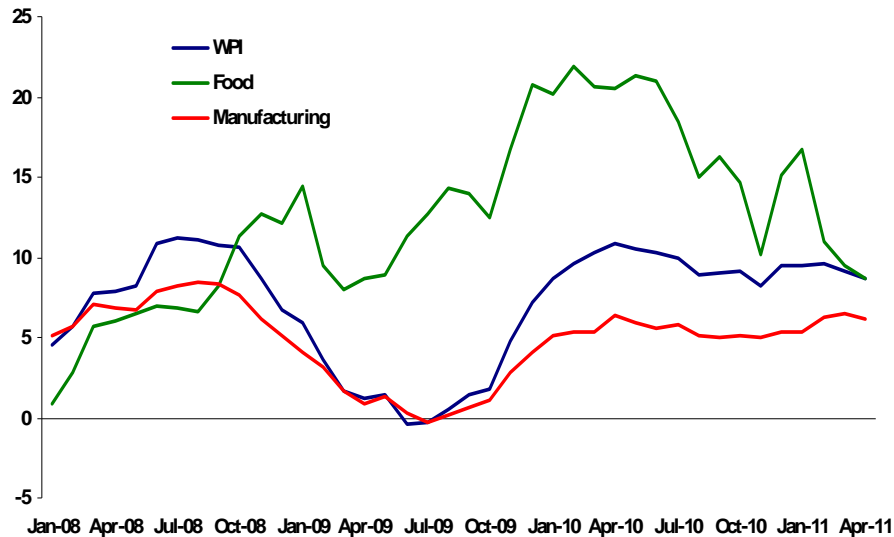


Liquidity - negative for last one year



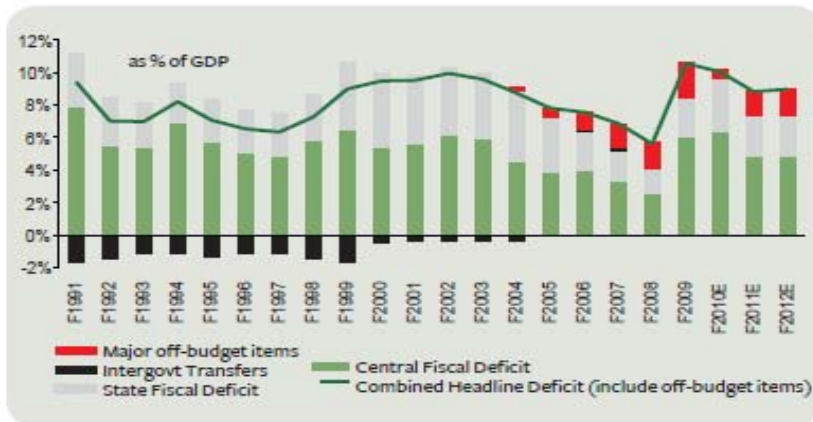
- Liquidity situation continues to be deficit and a worry
- Moving forward, liquidity situation might progressively improve.
- The deficit situation might balance out over the next few months with the government borrowing programme taking up the slack in credit growth and improving deposit growth

RBI's Dilemma - Inflation vs. Growth

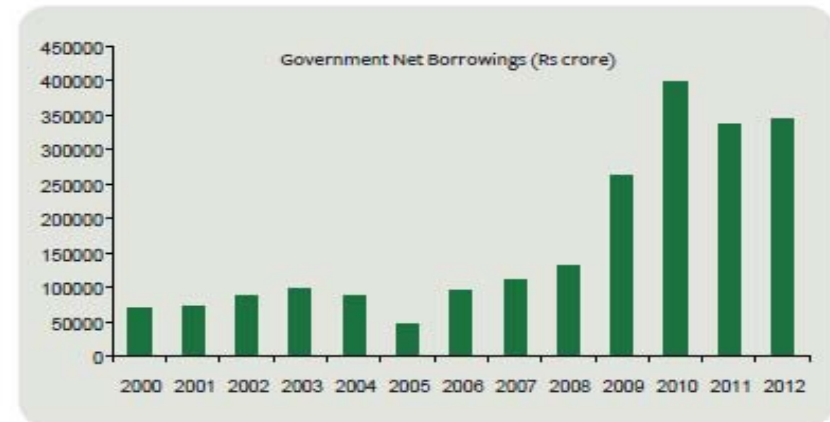


- Inflation continues at elevated levels. The recent data of 9.06% (for month ended May 2011) for WPI proves the changing dynamics of inflation in India
- Tight liquidity and rates have led to some moderation in industrial production.
- RBI's priority continues towards reining inflation

Fiscal position - lower central revenue collections



Source: RBI, Morgan Stanley Research, E = Morgan Stanley Research Estimates



Source: RBI

- The Finance minister had announced a reduction in the fiscal deficit to 4.6% of GDP from an estimated 5.1% in FY11 in the annual budget
- However, the revenue collections from the beginning of the FY has been lower than budgetary estimate
- Hence, slim chance of softer sovereign yields.

Current Strategy

- Focus is on higher accruals and liquid assets
- Maintain a disciplined approach towards duration management
- Continue the strategy of maintaining a duration of up to 1 year in a environment of elevated inflation.
- Biased towards holding assets up to maturity
- Trade on the yield curve and harness roll-down effect of residual maturity
- Post capital gains due to changing shape of the yield curve
- *Open to extending duration on early signs of inflation slow-down and changing RBI's stance towards inflation.*

Portfolio Attributes

- Average Maturity – 243 days, Modified Duration – 217 days
- Bank CDs form 84.56% of the total portfolio
- 95.32% of the portfolio have a residual maturity below 1 year
- Yield to Maturity (YTM) is 10.03%

Performance (as on 31st May, 2011)

	1 Month\$	3 Months\$	Since Inception \$
Religare Medium Term Bond Fund – Growth	0.37%	2.08%	2.87%
CRISIL Composite Bond Fund Index	0.02%	1.22%	1.79%

Past Performance may or may not be sustained in future

\$ Absolute Returns. Date of Allotment: 30/12/2010

Data as on 31/05/2011



Religare Medium Term Bond Fund - Fund Mandate

- Aims to generate regular income and capital appreciation by investing in a portfolio of medium term debt and money market instruments
- A minimum of 80% of assets will be invested in high quality debt securities having residual maturity upto 5 years

Religare Medium Term Bond Fund - Investment Strategy Explained

- Portfolio high on accrual from an asset mix of high quality corporate securities and bonds.
- Biased towards holding assets until maturity.
- Endeavour to generate capital gains in the portfolio due to the roll down of the residual maturity of assets. (refer annexure 1 on slide 15)
- The fund aims to capture positive valuation changes occurring due to changes in shape of yield curve.

Bond Yields and Prices move in opposite directions

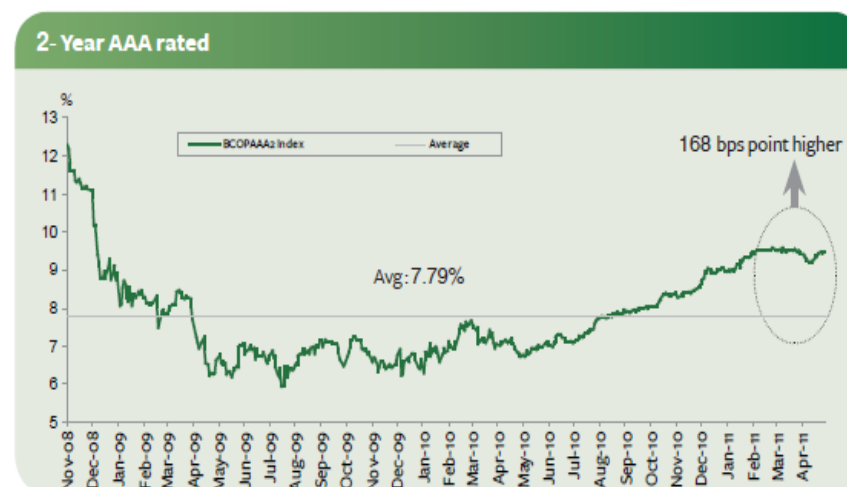
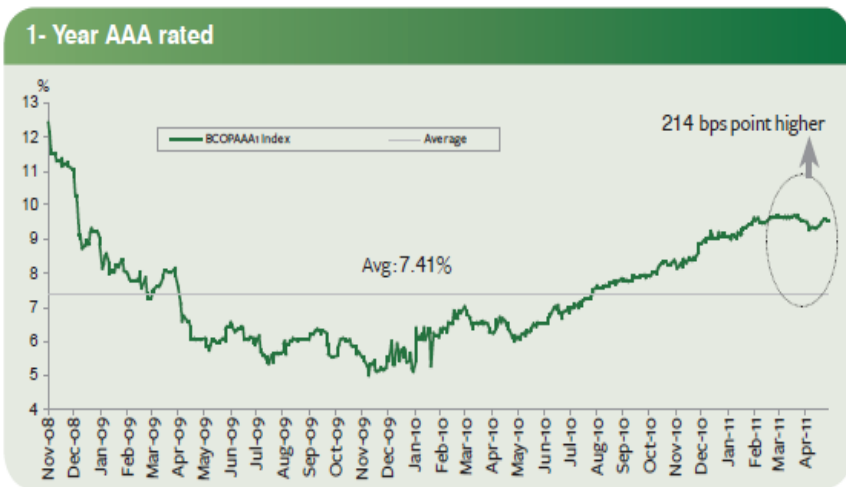


Source: Religare MF

- Scenario 1: Drop in yield curve. Total Return: Yield + Capital appreciation
- Scenario 2: Rise in yield curve. Total Return: Yield - Capital loss



Profiting from Mean - Reverting Yield Curve



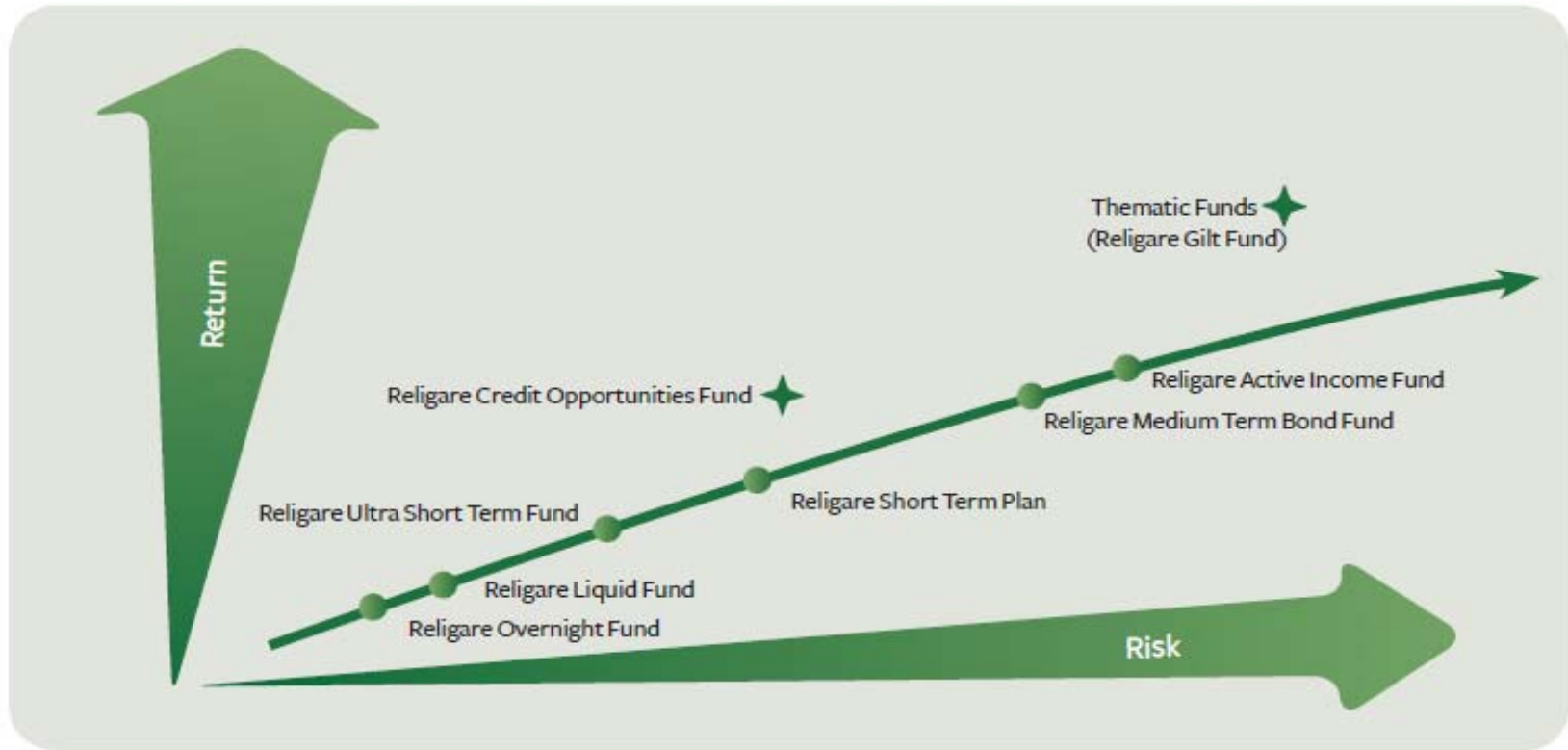
Source: Bloomberg

Source: Bloomberg

- The yield curve displays a cyclical movement
- The 1 year and 2 year AAA corporate yield is currently trading above their respective 2 year average



Fund Positioning – Risk versus Return



Who should Invest?

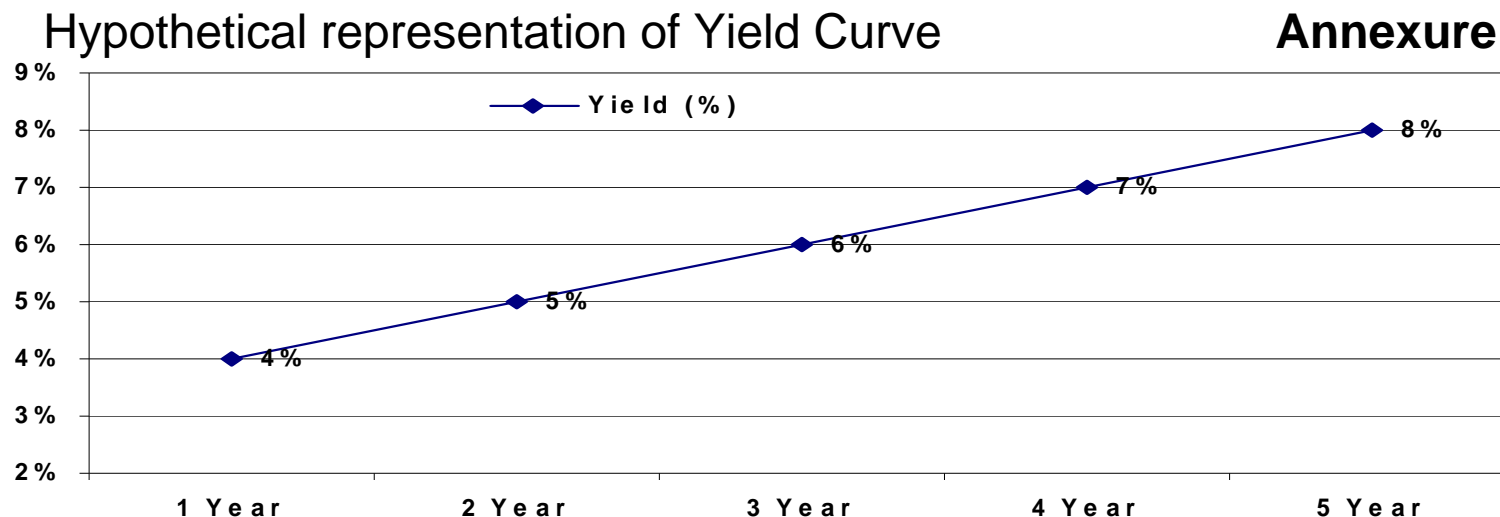
- Investors willing to invest with an investment horizon of at least 6 months
- Seek higher returns than those offered by a shorter maturity bond fund and can accept some short-term fluctuations. This fund is ideally suitable for investors with a moderate risk appetite
- Want to diversify portfolio with a fixed income investment option at current attractive yield.

Key Facts

Scheme	Religare Medium Term Bond Fund											
Type of Scheme	An open-ended Income Scheme											
Investment Objective	<p>To generate regular income and capital appreciation by investing in a portfolio of medium term debt and money market instruments.</p> <p>However, there is no assurance or guarantee that the investment objective of the Scheme will be achieved. The Scheme does not assure or guarantee any returns.</p>											
Asset Allocation	<table border="1"> <thead> <tr> <th>Instruments</th> <th>Indicative Allocation (% of total assets)</th> <th>Risk Profile</th> </tr> </thead> <tbody> <tr> <td>Debt* and money market instruments with maturity upto 5 years</td> <td>80-100%</td> <td>Low to Medium</td> </tr> <tr> <td>Money market instruments#</td> <td>0-20%</td> <td>Low</td> </tr> </tbody> </table> <p>Note: Investment in debt and money market instrument having maturity less than one year will be for defensive consideration only.</p> <p>*Investment in securitized debt including pass through certificate (PTC) shall not exceed 40% of the net assets of the Scheme. The Scheme will not invest in foreign securitized debt.</p> <p># for the purpose of managing liquidity.</p>			Instruments	Indicative Allocation (% of total assets)	Risk Profile	Debt* and money market instruments with maturity upto 5 years	80-100%	Low to Medium	Money market instruments#	0-20%	Low
Instruments	Indicative Allocation (% of total assets)	Risk Profile										
Debt* and money market instruments with maturity upto 5 years	80-100%	Low to Medium										
Money market instruments#	0-20%	Low										
Minimum amount of investment	Rs 5000/- and in multiples of Re 1/- thereafter.											
Loads	<p>Entry Load: Nil</p> <p>Exit Load: In respect of each purchase/switch-in of units, an exit load of 1% is payable if units are redeemed/ switched-out on or before 1 year from the date of allotment. In respect of each purchase/switch-in of units, no exit load is payable if units are redeemed/ switched-out after 1 year from the date of allotment.</p>											
Fund Manager	Nitish Sikand											
Benchmark	Crisil Composite Bond Fund Index											

Example to explain Roll Down analysis

Annexure 1



- Roll down of residual maturity of assets, helps in generating capital gains during phases of steep yield curve
- As the assets approaches maturity, the prices converge towards par, resulting in a positive rate of return
- For eg. A 2 year paper which is yielding 5%, will have a fixed coupon even after 1 year. However, the residual maturity will be lesser due to rolling down the yield curve resulting in rise in price of the asset.

Disclaimer

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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 the Scheme will be achieved. Investment in mutual fund units involve investment risks such as trading volumes, settlement risk, liquidity risk, 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.** 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 Medium Term Bond Fund 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 carefully before investing.** SID, SAI and Key Information Memorandum cum Application Form are available at the ISC/Distributors. **Terms of Issue:** The Scheme offers purchase/redemption facility at NAV based prices on all Business Days. The NAV of the Scheme will be disclosed 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.a

MKTG/RMTBF/May2011/C00447