

Birla Sun Life Emerging Leaders Fund - Series 1

(A Close ended Equity Scheme)



This product is suitable for investors who are seeking*:

- Long term capital growth
- a close ended scheme with investments in equity and equity related securities predominantly in small & midcap companies
- high risk **(BROWN)**

*Investors should consult their financial advisers if in doubt whether the product is suitable for them.

Note: Risk is represented as:

(BLUE) investors understand that their principal will be at low risk	(YELLOW) investors understand that their principal will be at medium risk	(BROWN) investors understand that their principal will be at high risk
---	--	---

Improving Macro Situation

Since mid-September 2012, the government & RBI have initiated measures to achieve fiscal consolidation in F2013 & F14. The government initiated policy steps to improve the business environment such as allowing periodic diesel price hikes, setting up Cabinet Committee of investment to expedite approvals of large pending projects. The monetary tightening by RBI helped reduce the persistent negative real rates. The sharp depreciation of real effective exchange rate since mid-2013 has led to the much needed macro adjustments.

The current account deficit has narrowed substantially from 6.5% of GDP in QE Dec-12 to 0.9% of GDP in QE Dec-13. Central fiscal deficit has declined from 5.7% in F12 to 4.9% in F13 and is estimated by the government at 4.6% in F14. WPI inflation has is down from a peak of 7.5% in 2013 to 4.7% now. CPI inflation is down from a peak of 11.2% in 2013 to 8.1% now. Forex reserves are now above \$300bn. (Data Source: Morgan Stanley research)

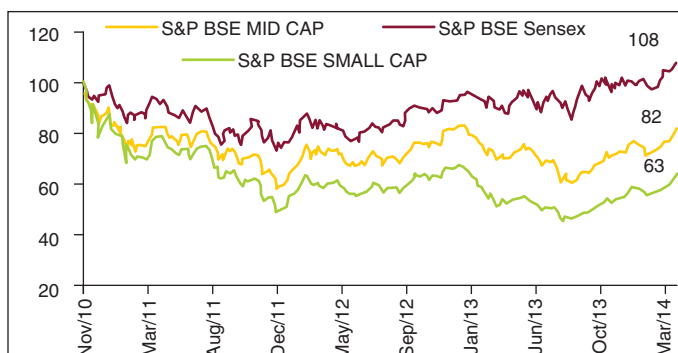
From here on we expect a steady improvement in macro stability and a gradual acceleration in GDP growth. A strong and stable government could accelerate this process, leading to a sustainable improvement in GDP growth which is currently being projected by most exit polls. Market has already started discounting this expectation.

Helping create Wealth with Small & Midcap investments

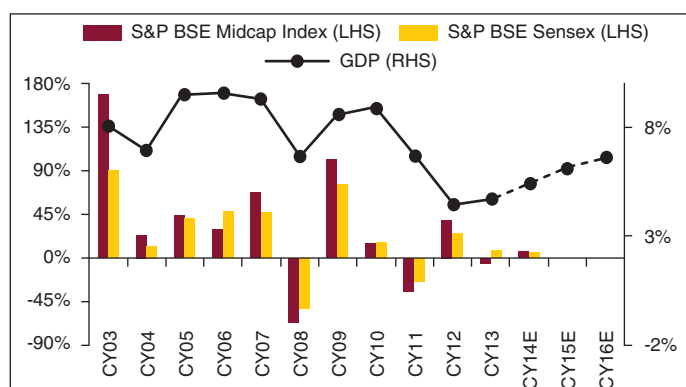
India's dynamic growth environment throws up lead opportunities for many mid sized firms

Trading Below from its peak:

Markets have seen very sharp rally and broader markets are at all time high breaching its previous peaks. The case however is bit different for Mid cap and Small caps which are still ~18% below from November 2010 peak.



Source: Bloomberg, Computation internal. All indices rebased to 100 from 10th Nov 2010. Data updated upto 11th April 2014



Source: Bloomberg, Estimates: Internal and Citibank research

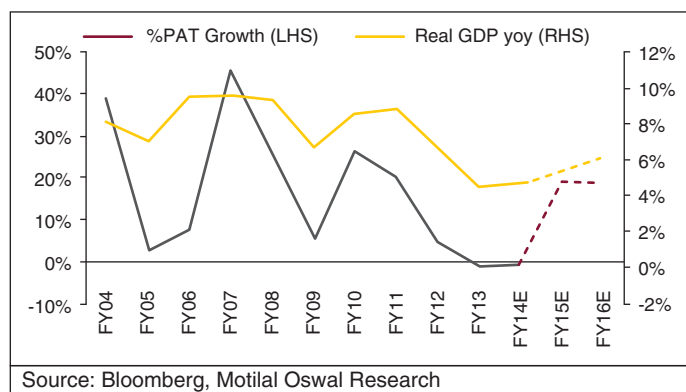
GDP and Midcap performance

Midcaps have typically outperformed large caps during periods of steady economic growth. In the past few years we have seen growth coming down because of high inflation, slow capital formation, high interest rates. Now with possible positive trends in India's macros and expected recovery in growth, mid cap companies could make a comeback in the next 2-3 years.

Internal views, estimates, opinions of BSLAMC expressed herein may or may not materialize. Forward looking statements are based on internal views and assumptions and subject to known and unknown risks and uncertainties which could materially impact or differ the actual results or performance from those expressed or implied under those statements. This document is strictly confidential and meant for private circulation only and is not an offer to sell or a solicitation to buy any mutual fund units/ securities. Neither Birla Sun Life Asset Management Co. Ltd., nor any person connected with it, accepts any liability arising from the use of this information. The recipient of this material should rely on their investigations and take their own professional advice. Please refer to detailed disclaimers mentioned on the last page.

Birla Sun Life Emerging Leaders Fund - Series 1

(A Close ended Equity Scheme)

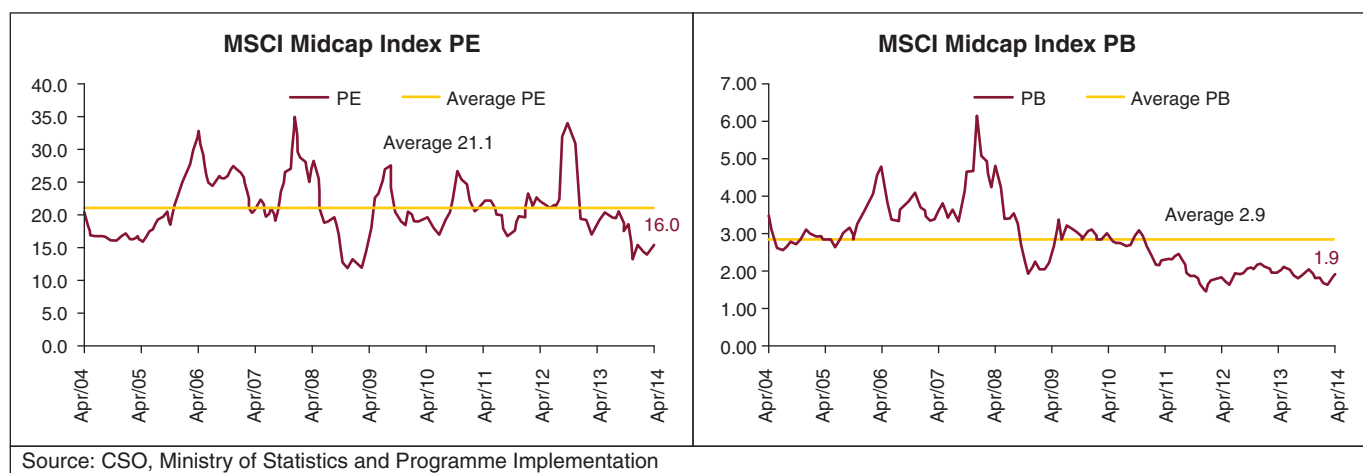


Profit After Tax and GDP growth:

As we can see in the adjoining chart that mid cap companies have a good co-relation with GDP growth. With possible reversal of interest rate cycle and improvement in GDP, mid cap companies are expected to bounce back strongly.

Attractive valuations of Mid Caps:

In terms of valuations (P/E, P/B) mid cap companies are below their long term average. Even after the recent rally mid cap companies PE and mid cap Price to Book value are 24% and 33% discounts to its historic averages. Mid cap companies also tend to be volatile in the short term but may deliver performance over a longer time period.



Investing with Birla Sun Life Mutual Fund

We intend to invest in high quality businesses which are expected to have a consistent growth or return profile and where drivers of growth seem to be structural and lasting. We aim to invest in businesses with strong management and invest in them with a margin of safety.

The Key attributes we look out for while identifying potential stocks are:

- ✓ Scalable Opportunity: Big & growing market helps to ride the growth better
- ✓ Strong Moat: In the form of Distribution, Brand or Scale which provides unique competitive advantage to the company
- ✓ Strong Pricing power: Margins sustenance capability & to improve with scale
- ✓ Innovation & Design Focus: Continuously innovate with changing business dynamics
- ✓ Strong Return Ratios: Ability to generate free cash flow and re-deploy it well
- ✓ Valuations: Buy at attractive valuations with a margin of safety
- ✓ Earnings Growth: Sustainable earnings growth

Internal views, estimates, opinions of BSLAMC expressed herein may or may not materialize. Forward looking statements are based on internal views and assumptions and subject to known and unknown risks and uncertainties which could materially impact or differ the actual results or performance from those expressed or implied under those statements. This document is strictly confidential and meant for private circulation only and is not an offer to sell or a solicitation to buy any mutual fund units/ securities. Neither Birla Sun Life Asset Management Co. Ltd., nor any person connected with it, accepts any liability arising from the use of this information. The recipient of this material should rely on their investigations and take their own professional advice. Please refer to detailed disclaimers mentioned on the last page.

Birla Sun Life Emerging Leaders Fund - Series 1

(A Close ended Equity Scheme)



Birla Sun Life Emerging Leaders Fund - Series 1

- ✓ A 3-year closed ended equity scheme with objective to generate long term capital appreciation
- ✓ Invests in equity and equity-related securities of small and mid cap companies.
- ✓ Quality companies with potential high growth using strong fundamental research processes
- ✓ Help create wealth by investing in the potential Leaders of tomorrow

Where will the scheme invest?

- ✓ The Scheme will be primarily investing in equity and equity related securities of the companies in the small and midcap segment that have a potential to appreciate in the long run
- ✓ The Fund will select stocks from within the investment universe based on following criteria
 - Visionary & Trustworthy management with established track record
 - Significant Business presence in the area of their operations
 - Prospects for future growth and scalability
 - Financial discipline and returns as measured by ratios like Return on Investment (ROI) and Return on Equity (ROE)

Small & Mid-cap stocks are generally varied, uncorrelated to broader markets & not sector specific. Select bottom-up picks in the Small & Mid cap space offer significant opportunity for re-rating. Besides this, short-term opportunities would also be seized, provided they are supported by underlying valuations. As part of the investment strategy, the scheme will book profits at opportune moments to take advantage of the volatility in the market.

Asset Allocation Pattern of the Scheme

Under normal circumstances, the asset allocation of the Scheme will be as follows:

Instrument	Risk Profile	Normal Allocation (% of total Assets)
Equity and Equity related securities Of which... Small Caps and Mid caps : 70 – 100% Other than Small & Midcaps: 0 – 30%	High	80-100%
Cash, Money Market & Debt instruments	Low	0-20%

Definition of Large caps, Midcaps, Small Caps will be as under:

Large cap: Stocks which are ranked as Top 100 by Market cap will be termed as Large caps

Midcaps: Stocks which are ranked 101-200 by Market cap will be termed as Midcaps

Small Caps: Stocks which are ranked 201 & beyond by Market cap will be termed as Small Caps

Scheme Features

Name of the Scheme	Birla Sun Life Emerging Leaders Fund – Series 1
Structure	A Close Ended Equity Scheme
Fund Manager	Mr. Hitesh Zaveri
Investment Objective	The primary objective of the scheme is to generate long-term capital appreciation by investing predominantly in equity and equity related securities of small & Mid cap companies.
Tenure/Liquidity	A 3 Year Close ended Fund No redemption/repurchase of units shall be allowed prior to the maturity of the scheme. Investors wishing to exit may do so through stock exchange mode.

Internal views, estimates, opinions of BSLAMC expressed herein may or may not materialize. Forward looking statements are based on internal views and assumptions and subject to known and unknown risks and uncertainties which could materially impact or differ the actual results or performance from those expressed or implied under those statements. This document is strictly confidential and meant for private circulation only and is not an offer to sell or a solicitation to buy any mutual fund units/ securities. Neither Birla Sun Life Asset Management Co. Ltd., nor any person connected with it, accepts any liability arising from the use of this information. The recipient of this material should rely on their investigations and take their own professional advice. Please refer to detailed disclaimers mentioned on the last page.

Birla Sun Life Emerging Leaders Fund - Series 1

(A Close ended Equity Scheme)



Benchmark Index	S&P BSE Midcap Index
Plans/Options	<p>The scheme will have Regular plan and Direct plan with a common portfolio and separate NAV's.</p> <p>Each of the above (Regular and Direct) plan under the scheme will have the following Options: (1) Growth Option and (2) Dividend Option with Payout Facility</p>
Minimum Application Amount	Minimum of ₹ 5,000/- and in multiples of ₹ 10/- thereafter during the New Fund Offer period.
Listing of units	<p>The units offered under the Scheme are proposed to be listed on National Stock Exchange Ltd. (NSE) within 5 business days from the date of allotment. Further, units of the scheme may be listed on any other recognized stock exchange/s as may be decided by AMC from time to time, in accordance with SEBI guidelines.</p> <p>As the units will be listed on stock exchange/s, investors/ unit holders can buy / sell units on a continuous basis on the stock exchange/s.</p>
Load Structure	<p>Entry Load: Nil</p> <p>Exit Load: Nil. No redemption/repurchase of units shall be allowed prior to the maturity of the scheme. Investors wishing to exit may do so through stock exchange mode</p>

Risk Factors: Small & Mid cap stocks may be more volatile & less liquid than large cap companies. Investors therefore should assume that illiquidity risks are higher in this Scheme than in a normally diversified equity fund. Thus, relative to larger, more liquid stocks, investing in small & mid cap stocks, involves potentially greater volatility and risk.

Risk Control Strategies: Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in the portfolio construction process. The risk control process involves reducing risks through portfolio diversification, taking care however not to dilute returns in the process. The AMC believes that this diversification would help achieve the desired level of consistency in returns. The AMC may also implement certain internal control procedures / risk & exposure limits etc., which may be varied from time to time.

The AMC aims to identify securities, which offer superior levels of yield at lower levels of risks. With the aim of controlling risks, rigorous in-depth credit evaluation of the securities proposed to be invested in will be carried out by the investment team of the AMC.

While these measures are expected to mitigate the above risks to a large extent, there can be no assurance that these risks would be completely eliminated.

DISCLAIMER CLAUSE OF NSE: It is to be distinctly understood that the permission given by National Stock Exchange of India Limited (NSE) should not in any way be deemed or construed that the Scheme Information Document has been cleared or approved by NSE nor does it certify the correctness or completeness of any of the contents of the Draft Scheme Information Document. The investors are advised to refer to the Scheme Information Document for the full text of the 'Disclaimer Clause of NSE'

Disclaimers: This document is strictly confidential and meant for private circulation only and should not at any point of time be construed to be an invitation to the public for subscribing to the units of Birla Sun Life Mutual Fund. Please note that this is not an advertisement. The document is solely for the information and understanding of intended recipients only. If you are not the intended recipient, you are hereby notified that any use, distribution, reproduction or any action taken or omitted to be taken in reliance upon the same is prohibited and may be unlawful. Views expressed herein should not be construed as investment advice to any party and are not necessarily those of Birla Sun Life Asset Management Company Ltd.(BSLAMC) or any of their officers, employees, personnel, directors and BSLAMC and its Officers, employees, personnel, directors do not accept responsibility for the editorial content. Wherever possible, all the figures and data given are dated, and the same may or may not be relevant at a future date. Further the opinions expressed and facts referred to in this document are subject to change without notice and BSLAMC is under no obligation to update the same. While utmost care has been exercised, BSLAMC or any of its officers, employees, personnel, directors make no representation or warranty, express or implied, as to the accuracy, completeness or reliability of the content and hereby disclaim any liability with regard to the same. Recipients of this material should exercise due care and read the scheme information document (including if necessary, obtaining the advice of tax/legal/accounting/financial/other professional(s) prior to taking of any decision, acting or omitting to act. Further, the recipient shall not copy/circulate/reproduce/quote contents of this document, in part or in whole, or in any other manner whatsoever without prior and explicit approval of BSLAMC.

Mutual Fund: Birla Sun Life Mutual Fund

Asset Management Company/ Investment Manager: Birla Sun Life Asset Management Company Limited

Registered Office: One India Bulls Centre, Tower - 1, 17th Floor Jupiter Mill Compound, 841, SB Marg, Elphinstone Road, Mumbai 400013 CIN: U65991MH1994PLC080811