

Birla Sun Life

## Equity Savings Fund

(An Open Ended Equity Scheme)



**Birla Sun Life**  
*Mutual Fund*

# The right combination to unlock the potential of your savings!

- Growth potential ▶
- Income opportunity ▶
- Efficient equity taxation ▶




**NFO Period**  
**11<sup>th</sup> – 25<sup>th</sup>**  
**November**




# Birla Sun Life Equity Savings Fund



This product is suitable for investors who are seeking:

- Long term capital growth & income
- A open ended scheme investing in equity and equity related securities including the use of equity derivative strategies and arbitrage opportunities with balance exposure in debt and money market instruments predominantly in Small & Mid cap companies
- Medium Risk (YELLOW) 

*Note: Risk is represented as:*

 <b>(BLUE)</b> investors understand that their principal will be at low risk	 <b>(YELLOW)</b> investors understand that their principal will be at medium risk	 <b>(BROWN)</b> investors understand that their principal will be at high risk
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Mutual Fund investments are subject to market risks, read all Scheme related documents carefully.

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# Investment options under Mutual Funds...



Birla Sun Life  
Mutual Fund

## **Equity Funds**

- High Potential Upside
- High Volatility Risk
- Equity Taxation

## **Hybrid Funds**

### **Equity Oriented (e.g. Balanced)**

- Combination of Equity & Debt
- Moderate Risk & Volatility
- Equity Taxation

### **Debt Oriented (e.g. MIP)**

- Stability of Debt
- Moderate Volatility
- Non Equity Taxation

## **Debt Funds**

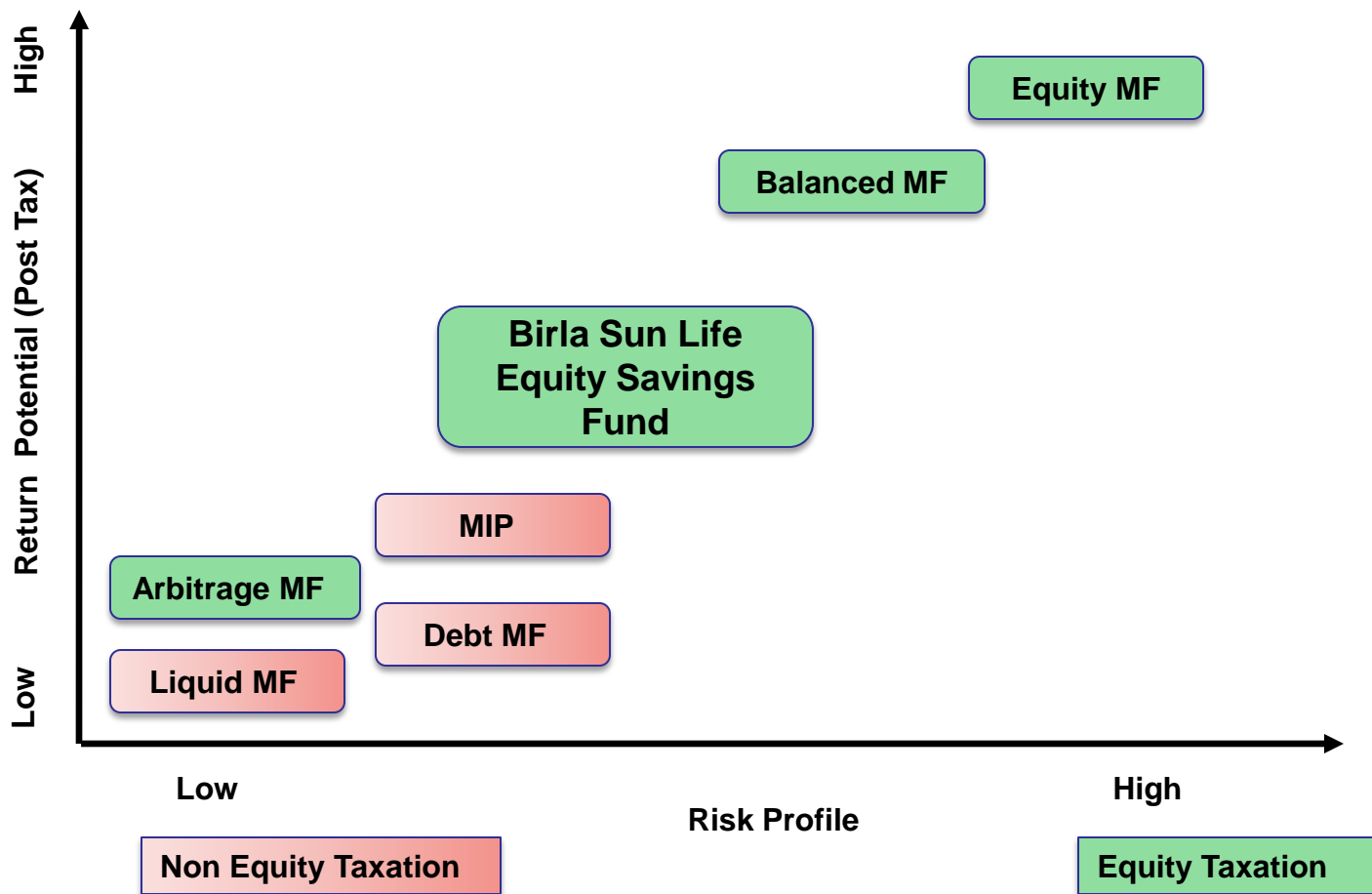
- Relatively Stable Returns
- Low Volatility
- Low Risk
- Non Equity Taxation

Taxation Structure: Equity- STCG(<1 Year )15%,LTCG (>1 Year ) Nil.  
Non Equity - STCG(< 3 years) 33.99%; LTCG(>3 years) 20% with indexation  
(Assuming investment by individual in the highest tax bracket in Growth Option)

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# Birla Sun Life Equity Savings Fund

## *Positioning*

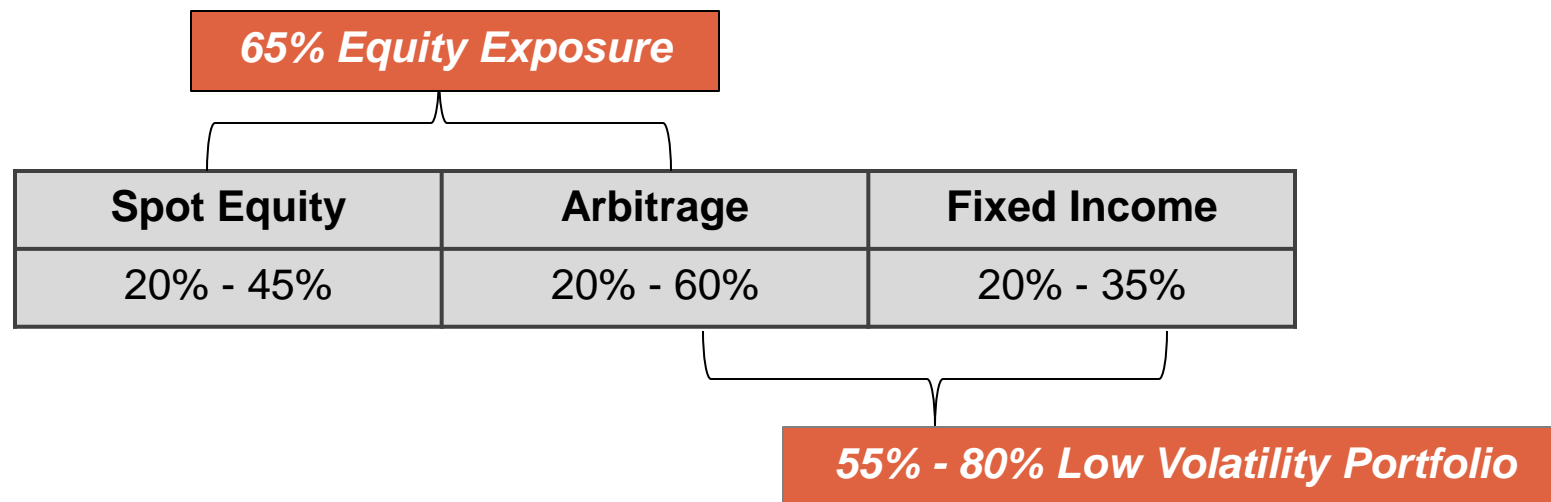


The above is for illustration purposes only. Investors are advised to consult their tax advisor in view of individual nature of tax benefits

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# Birla Sun Life Equity Savings Fund

## About the Scheme.....



- The volatility and risk through exposure to directional or spot equity in the scheme would be ~30% of the portfolio on an ongoing basis.
- Investments in low volatility asset classes viz equity arbitrage opportunities, debt & money market instruments would mostly be ~70% of the portfolio.
- Has relatively lower risk profile than pure equity funds or balanced funds

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# Birla Sun Life Equity Savings Fund

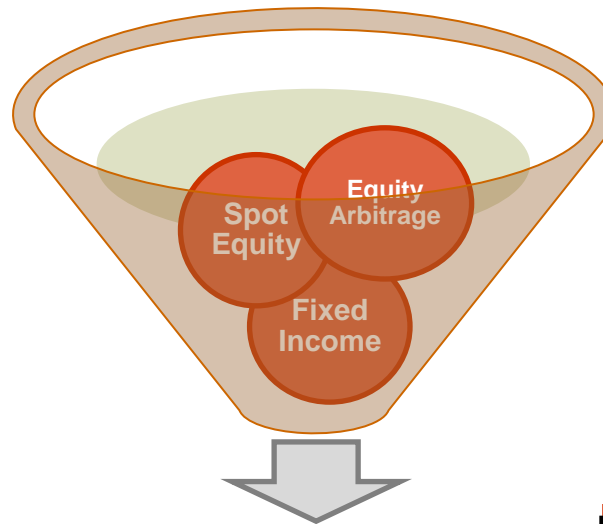
## *The Perfect Mix*

### **Spot Equity**

- ❖ Growth Potential
- ❖ Equity Market Participation
- ❖ Alpha Generation

### **Fixed Income**

- ❖ Relatively Stable Return
- ❖ Low Risk & Volatility
- ❖ Accrual Biased Strategy



### **Equity Arbitrage**

- ❖ Fully Hedged Equity Exposure
- ❖ Low Volatility
- ❖ Relatively Stable Returns

***BSL Equity Savings Fund***

- ❖ Tax Efficiency
- ❖ Lower Volatility
- ❖ Diversified Portfolio Strategy

Investors are advised to consult their tax advisor in view of individual nature of tax benefits. Birla Sun Life Equity Savings Fund will henceforth be BSL Equity Savings Fund

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# Birla Sun Life Equity Savings Fund

## *Tax Efficiency*

Particulars	Non Equity Taxation	Equity Taxation
Investment Amount	10,000	10,000
Assumed pre-tax annualised returns	9.00%	9.00%
Interest earned after 1 year	900	900
Amount withdrawable after 1 year	10,900	10,900
Taxable Income / Gains	900	900
Applicable Tax Rate*	33.99%	0%
Tax Liability	305.91	0
Post Tax Gains	594.09	900
<b>Post Tax Annualised Yield</b>	<b>5.94%</b>	<b>9.00%</b>

Given the tax advantage, Birla Sun Life Equity Savings Fund can generate potentially higher post tax returns as compared to non equity investments

\* Highest tax bracket assumed for Applicable Tax Rate in respective investment categories (Equity & non Equity)  
Investors are advised to consult their tax advisor in view of individual nature of tax benefits

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# Birla Sun Life Equity Savings Fund

## Lower Volatility



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Mutual Fund

Index	2 Years Average Rolling Returns on Monthly Basis		Standard Deviation (%)	Risk
	Pre Tax Returns (%)	Post Tax Returns (%)		
CRISIL Liquid Fund Index	6.4	4.2	1.6	↓
CRISIL Short Term Bond Fund Index	6.6	4.4	1.8	↓
CRISIL Composite Bond Fund Index	5.8	3.8	2	↓
CRISIL MIP Blended Index	7.9	5.2	2.1	↓
<b>BSL Equity Savings Fund Index</b>	<b>10.6</b>	<b>10.6</b>	<b>5</b>	<b>↓</b>
CNX Nifty	18.6	18.6	18.8	↑
BSE 200	19.5	19.5	20.9	↑

*BSL Equity Savings Fund Index comprises of S&P BSE 200 to the extent of 30% of portfolio, CRISIL Short Term Bond Fund Index to the extent of 30% of the portfolio and CRISIL Liquid Fund Index to the extent of 40% of portfolio*

- Analysis of 2 Years Average Rolling Returns calculated on Monthly Basis since 1<sup>st</sup> April 2002 till date
- BSL Equity Savings Fund Index has delivered **Healthy Post Tax Returns at Low Volatility**
- The table above shows the results of the back-tested values of the scheme's index vs the other major indices. Active fund management would further support the scheme's performance.

*Past performance may or may not be sustained in future*

Data Source: Bloomberg; AMFI

Mutual Fund investments are subject to market risks, read all Scheme related documents carefully.

# Birla Sun Life Equity Savings Fund

## *Diversified Portfolio Strategy*



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Mutual Fund

Period	Indices - Annualised Returns					
	CRISIL Liquid Fund Index	CRISIL Short Term Bond Fund Index	CRISIL Composite Bond Fund Index	CRISIL MIP Blended Index	S&P BSE 200	BSL Equity Savings Fund Index
YTD	7.45	8.19	10.42	12.83	30.02	15.41
CY 2013	9.03	8.27	3.79	4.41	4.38	7.71
CY 2012	8.54	9.15	9.38	12.12	30.8	15.30
CY 2011	8.17	7.84	6.90	1.82	-27.3	-3.55
CY 2010	5.12	4.7	3.79	7.00	16.22	8.48
CY 2009	4.86	6.58	4.96	12.99	88.51	27.07
CY 2008	8.44	9.53	3.50	-2.31	-56.36	-15.57
CY 2007	7.61	8.03	9.06	13.51	60.11	22.20
CY 2006	5.95	5.47	6.96	9.23	39.69	15.73
CY 2005	4.64	4.51	3.95	9.19	33.9	12.93

CY: Calendar Year ; YTD: Year to Date

Top Performer

2<sup>nd</sup> Performer

3<sup>rd</sup> Performer

- No single investment strategy ensures consistent performance
- A **diversified portfolio strategy** helps in restricting the downside to some extent in volatile periods and captures the upside moderately in bull run

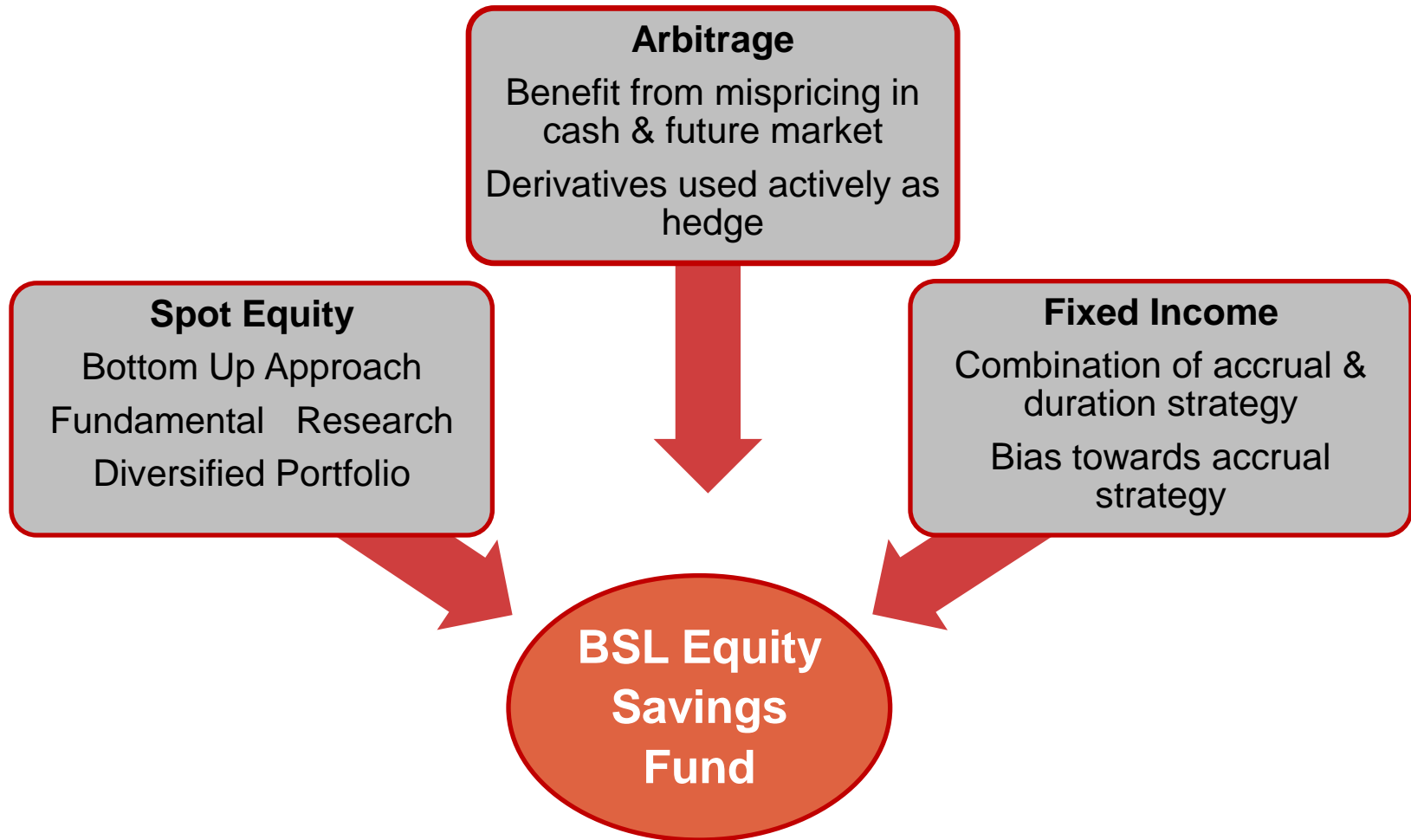
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# Birla Sun Life Equity Savings Fund

## *Investment Strategy*



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# Birla Sun Life Equity Savings Fund

## *Summing Up...*

### Tax Efficiency

- With an asset allocation mix comprising of Spot Equity, Arbitrage & Fixed Income, tax treatment similar to equity funds

### Lower Volatility

- Enjoys low volatility & risk compared to other equity funds due to limited exposure to directional equity

### Diversified Strategy

- An efficient mix of the 3 strategies helps reduce volatility while providing opportunities to participate in market upside while restricting the downside

*\*Please consult your tax advisor for details*

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# Birla Sun Life Equity Savings Fund

## *Scheme Features*



**Birla Sun Life**  
*Mutual Fund*

<b>Scheme Name</b>	<b>Birla Sun Life Equity Savings Fund</b>
<b>Scheme Type</b>	<b>An open ended equity scheme</b>
<b>Investment Objective</b>	To provide capital appreciation and income distribution to the investors by using a blend of equity derivatives strategies, arbitrage opportunities and pure equity investments. The Scheme does not guarantee/indicate any returns. There can be no assurance that the schemes' objectives will be achieved.
<b>Benchmark</b>	S&P BSE 200 to the extent of 30% of portfolio, CRISIL Short Term Bond Fund Index to the extent of 30% of the portfolio and CRISIL Liquid Fund Index to the extent of 40% of portfolio.
<b>Load Structure</b>	Entry Load: Nil; Exit Load: For redemption/switch-out of units within 365 days from the date of allotment: 1.50% of applicable NAV. For redemption/switch-out of units after 365 days but within 540 days from the date of allotment: 0.50% of applicable NAV. For redemption/switch-out of units after 540 days from the date of allotment: NIL.
<b>Fund Manager</b>	Mr. Satyabrata Mohanty and Mr. Prasad Dhonde would be the designated Fund Managers of the Scheme
<b>Minimum Investment Amount</b>	Fresh Purchase (Incl. Switch-in): Minimum of Rs.5,000/- and in multiples of Re.1/- thereafter. Additional Purchase (Incl. Switch-in): Minimum of Rs.1,000/- and in multiples of Re.1/- thereafter. Repurchase for all Plans/Options: In Multiples of Re.1/- or 0.001 units
<b>Plans</b>	Regular Plan and Direct Plan
<b>Options</b>	Each of the above (Regular and Direct) Plan under the scheme will have the following Options: Growth Option and Dividend Option (Payout / Reinvestment / Sweep Facility)
<b>Special Products</b>	SIP, SWP, STP Available

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# Birla Sun Life Equity Savings Fund

## Scheme Features

### Asset Allocation Pattern

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

Instrument	Risk Profile	Indicative Allocation (% of total Assets)
Equity & Equity Related instruments including derivatives Out of which:	Medium to High	65-80%
– Cash-futures arbitrage* 20% - 60%	Low to Medium	
– Net long equity exposure** 20% - 45%	High	
Debt & Money market Instruments (including margin for derivatives)	Low	20-35%

\*The exposure to derivative shown in the above asset allocation table would normally be the exposure taken against the underlying equity investments and should not be considered for calculating the total asset allocation. This denotes only hedged equity positions by investing in arbitrage opportunities in the equity market. The fund manager in the above case can therefore take exposure to equivalent stock/ index futures & create completely covered positions. E.g. – The scheme invests 65% in equity stocks/index basket in the cash market and takes short position in futures market for relevant stocks/ index to the extent of exactly 65% to avail arbitrage between spot & futures market. Thus the entire position is used to lock arbitrage profit.

\*\*This denotes only net long equity exposures aimed to gain from potential capital appreciation of these positions. Thus it is a directional equity exposure which is not hedged.

The scheme may also invest up to 50% of the Debt allocation in securitized debt instruments except foreign securitized debt.

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# Birla Sun Life Equity Savings Fund

## Scheme Features

### Asset Allocation Pattern

If the debt/ money market instruments offer better returns than the arbitrage opportunities available in cash and derivatives segments of equity markets then the investment manager may choose to have a lower equity exposure. In such defensive circumstances the asset allocation will be as per the below table:

Instrument	Risk Profile	Indicative Allocation (% of total Assets)
Equity & Equity Related instruments including derivatives	Medium to High	20-65%
Out of which:		
– Cash-futures arbitrage* : 0% - 45%	Low to Medium	
– Net long equity exposure** : 20% - 45%	High	
Debt & Money market Instruments (including margin for derivatives)	Low	35-80%

\*This denotes only hedged equity positions by investing in arbitrage opportunities in the equity market. The fund manager in the above case can therefore take exposure to equivalent stock/ index futures & create completely covered positions.

\*\*This denotes only net long equity exposures aimed to gain from potential capital appreciation of these positions. Thus it is a directional equity exposure which is not hedged.

The above asset allocation for defensive consideration will be for a maximum period of 30 days within which the asset allocation will be rebalanced back to as indicated for normal circumstances. Any further deviation over the period of 30 days in the rebalancing would be referred to the Investment Committee of Birla Sun Life Asset Management Company Limited for review and suggestions.

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**Mutual Fund:** Birla Sun Life Mutual Fund

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

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**Birla Sun Life**  

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*Mutual Fund*

**Thank You**

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