

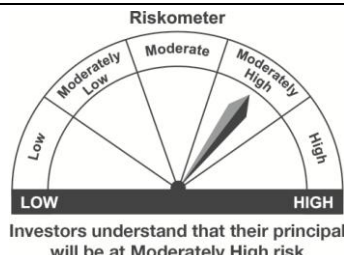
Product Note

Reliance Capital Builder Fund IV - Series D

(A Close Ended Equity Oriented Scheme)

Offer for Sale of Units at Rs.10/- per unit during the new fund offer period

NFO Period: Dec 29, 2017 to Jan 12, 2018 Tenure: 3 years from the date of allotment of units

Name of Scheme	This product is suitable for investors who are seeking*:	
Reliance Capital Builder Fund IV – Series D (A Close-ended Equity Oriented Scheme)	<ul style="list-style-type: none">• long term capital growth• investment in diversified portfolio of equity & equity-related instruments with small exposure to fixed income securities	 <p>Investors understand that their principal will be at Moderately High risk</p>

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

Investment Strategy:

- **Reliance Capital Builder Fund IV – Series D** will focus on identifying scalable ideas which can be potential multi baggers. In line with the same, fund will invest significantly in Smaller Capitalization companies with some allocations to Large & Mid Cap companies as well.
- The portfolio will be well diversified across sectors and stocks. The fund will attempt to invest into 60-70 stocks.
- Given the investment strategy, the fund may have some portfolio overlap with our existing Small Cap oriented offering – Reliance Small Cap Fund. The fund may also invest in opportunities which may not be a part of Reliance Small Cap Fund, on size considerations.

Investment Themes

- The fund will seek to invest primarily in the Small Cap space with a focus on the Domestic Revival opportunities which can benefit from favorable dynamics like lower interest rates, Govt led capex, policy reforms/actions etc. These include:
 - **Beneficiaries of shift from Unorganized to Organized & GST:**
 - Demonetization and GST to accelerate the shift from unorganized to organized sector
 - Corporate sector is likely to be big beneficiaries as there is going to be serious market share gains to the organized players across various sectors.
 - **Key Themes: Apparels, Logistics, Building Products – Tiles, Plywood, Paint etc**
 - **Govt. led Capex**
 - Approx. Rs 6.92 Lakh crores to be spent on Road construction over next 5 years
 - Target to build 83,677 Kms of Roads including 34,800kms of Bharatmala programme by 2022

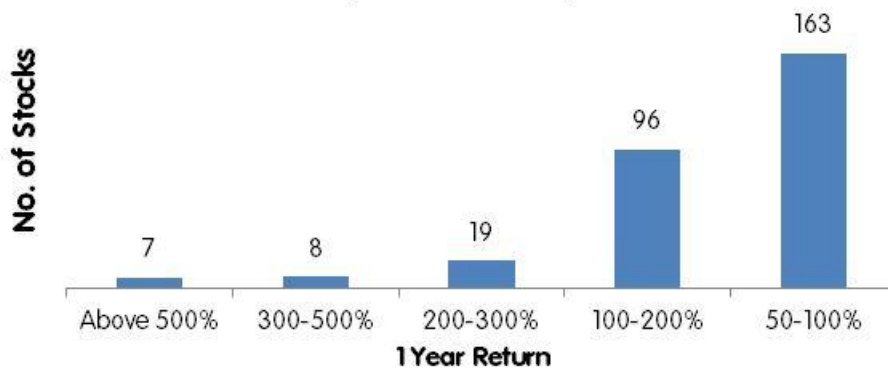
- Indian Railways to incur Capex of Rs 8.6 trillion till 2019 focusing on Decongestion, Expansion, Doubling etc.
 - 'Housing for All by 2022': Target to build 5 crore homes over under Pradhan Mantri Awaas Yojana - Urban and Gramin
 - Water – Large Projects like 'Namami Gange' (20,000 crs), River Interlinking (55,000 crs) & Lift irrigation to drive spending
 - **Key Themes: Industrials, Construction, Cement, Infrastructure**
- Rural Consumption
 - Well placed for a recovery after 3 years of slow growth, supported by 2nd consecutive year of good monsoons
 - Five year high MSPs for kharif crops and Farm Loan waivers in few states to aid rural consumption
 - Higher government spending and efficient subsidy disbursement through DBT (Direct Benefit Transfer) also to aid rural revival
 - **Key Themes: Auto, FMCG, Consumer Durables**
- 'The China Opportunity ':
 - Chinese companies are becoming less competitive due to new pollution control norms which can lead to increased costs & closure of non-compliant businesses thereby, opening an opportunity for the Indian companies.
 - **Key Themes: Chemicals, Metals**
- Bank Recapitalization
 - The bank recapitalization initiative could provide a big boost of the MSME spaces as PSU banks will encouraged to use capital to lend to MSMEs
 - **Key Themes: Small Banks, NBFCs**
- Other Key Themes: Value Opportunities & Niche Plays
 - **Entertainment (Content offering through Apps, Digital platforms), Healthcare, Hospitality, Service sector**

Investment Rationale:

- **Opportunities at Current Valuations:** Though Absolute valuations based on trailing P/E levels may appear to be higher over the last 1 year or so, yet there have been stock specific opportunities which have generated relatively higher returns.

e.g: P/E ratio for S&P BSE Small Cap Index was around 83 levels in Oct-16. However, despite higher valuations, individual stock returns ranged from 50-500% and higher (refer below chart). For instance, there have been over 190 Small Cap stocks which generated higher than 50% returns over the last one year.

Returns of S&P BSE Small Cap Stocks (As on Nov'17)



Source: Bloomberg

Disclaimer: Investors please note that, since the proposed Investment philosophy of the Scheme to invest significantly in smaller capitalization companies with some allocations to Large & Mid Cap companies, the above Returns of S&P BSE Small Cap Index Stocks has been provided. The above information on current valuations and S&P BSE Small Cap Index is for illustration purpose only and may not be correlated to Reliance Capital Builder Fund IV – Series D in any manner. The Fund manager(s) may or may not choose to hold these stock, from time to time. This illustration should not be construed as a promise, guarantee on or a forecast of any minimum returns. The Mutual Fund or the Investment Manager does not assure any safeguard of capital and the illustrated returns are not indicative of future results and may not provide any basis for comparison. Investors are requested to consult their financial, tax and other advisors before taking any investment decision(s). Past performance may or may not be sustained in the future and does not guarantee or assurance of the scheme returns. Investor please note that Benchmark of the Scheme is S&P BSE 200 Index.

- **'Research the Key Differentiator':** Small Cap investing is a niche space characterized by large universe and limited coverage, wherein Reliance MF team has an edge in identifying winners:
 - One of the Largest Research & Experienced Fund Management Team
 - 200 + Mid/Small Cap companies tracked in-house
- **Experienced Fund Management Team:** The fund will be managed by Manish Gunwani and Meenakshi Dawar. Manish is the CIO – Equity Investments and has over 20 years of experience in Capital Markets. He manages Reliance Growth Fund which is a Diversified Mid and Small Cap offering.

Note: The above proposed Investment philosophy is based on the prevailing market conditions and is subject to changes depending on the fund manager's view.

Common Source: RMF Research & Bloomberg

Scheme Details:

Reliance Capital Builder Fund IV - Series D

(A Close Ended Equity Oriented Scheme)

- Offer for Sale of Units at Rs.10/- per unit during the new fund offer period
 - New Fund Offering Period:** Dec 29, 2017 to Jan 12, 2018
- **Tenure:** 3 years from the date of allotment of units
- **Fund Manager:** Mr. Manish Gunwani, Ms. Meenakshi Dawar & Ms. Jahnvee Shah (Overseas Investments)

