

Reliance Capital Builder Fund II – Series B (A Close Ended Equity Oriented Scheme)


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

Tenure – 3 years from the date of allotment of units

NFO Opens – January 9, 2015




NFO Closes – January 23, 2015

Reliance Capital Builder Fund II – Series B is suitable for investors who are seeking*:

- Long term capital growth
- Investment in diversified portfolio of equity & equity related instruments with small exposure to fixed income securities
- High risk.  (BROWN)

*Investors should consult their financial advisers if in doubt about 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
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Market Outlook

- In the previous growth cycle, Earnings became 4 times in less than 6 years..... Nifty grew 6 times

Previous Growth Cycle	31 st March 2003	8 th Jan 2008	Times(x)	CAGR
CNX Nifty EPS	91	280	3.1x	25%
CNX Nifty Index Level	978	6,288	6.4x	45%

Past performance may or may not be sustained in future

Current	CNX Nifty EPS	CNX Nifty Index Level
December 18, 2014	435	8,159

Today India is at the cusp of the biggest transformation it'll undergo...can growth surprise !!



	Dec-2013	Dec-2014
Crude Oil (\$/bbl)	108	59
WPI Inflation	7.2%	0.0%
GDP Growth	4.7%	5.7%
Foreign Reserves (USD billion)	295	317
Current Account Deficit	5.4%	2.1%
PMI	50	53

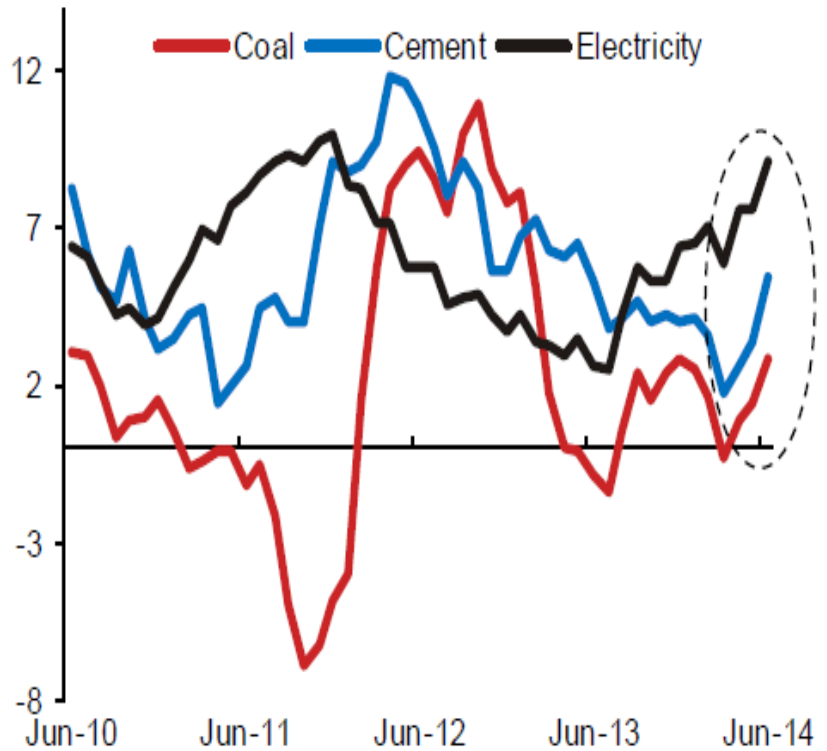
Non-Linear shifts underway already...

Sharp reduction in import bills	Decline in international prices of Crude Oil, Coal & Edible Oils.
Subsidy rationalization - Fuel Price Deregulation	Diesel prices fully deregulated (Almost ~\$10bn delta for the country)
FDI Liberalization in manufacturing	Defense, Railways, Make in India
Infrastructure impetus	Large number of infrastructure projects announced – ports, road projects, airports, smart cities, transmission projects
Project Monitoring Group	Fast-tracking / clearing several large projects
Coal Reforms	E-auctions of Coal blocks for private co's
Disinvestment drive by the Government	Target of Rs 63,000 crs
Agriculture - Inflation reforms	Amendment of APMC Act & other initiatives, leading to inflation control.

Source: Bloomberg,

Fig. 11: Select core sectors

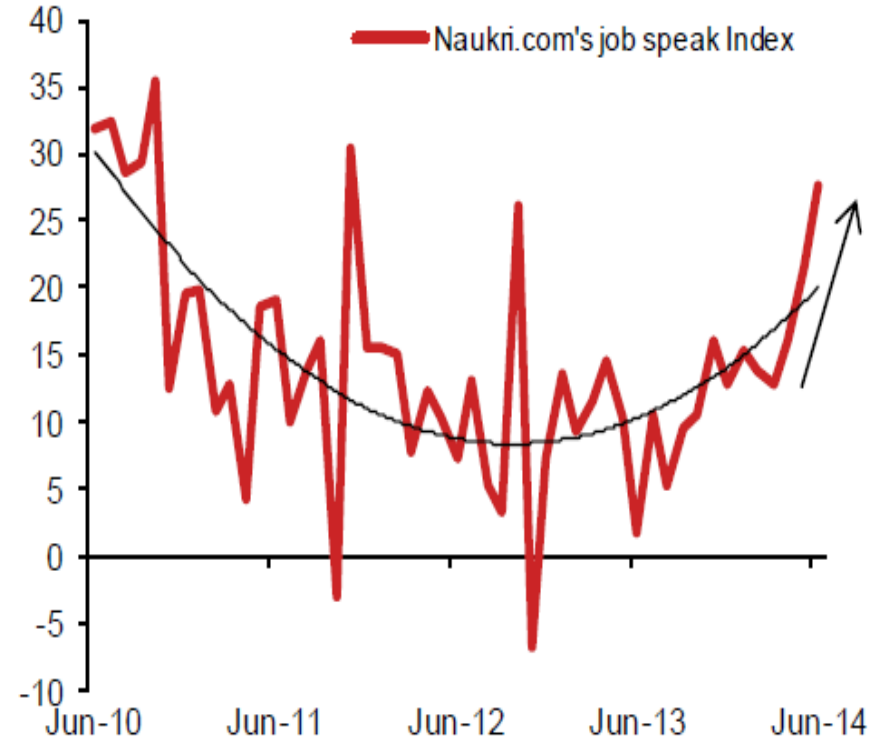
% y-o-y, 6mma



Source: CEIC and Nomura Global Economics

Fig. 8: Naukri.com's Job speak Index

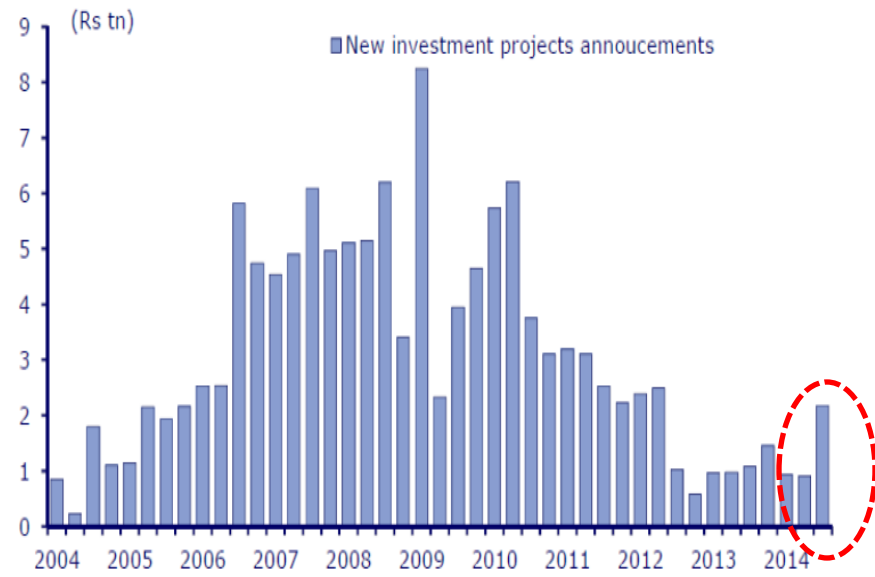
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Source: Infoedge and Nomura Global Economics

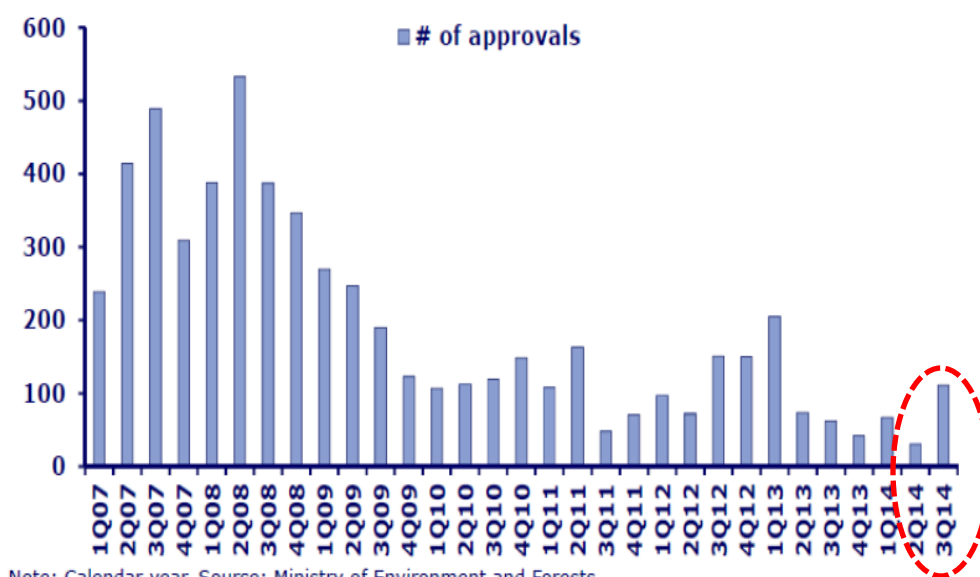
Project approvals & new investment project announcements rise

India new investment project announcements



Source: CLSA, Centre for Monitoring Indian Economy (CMIE)

Environmental clearance approvals granted



Note: Calendar year. Source: Ministry of Environment and Forests

Falling to several month lows :

- ❑ Manufacturing & core inflation lower at 2.4% & 2.5% ; lowest for more than a year
- ❑ WPI :: Oct-14 WPI inflation stood at 60-month low of 1.8%
- ❑ Food Inflation :: eased to 33-month low with most food categories seeing decline
- ❑ Fuel group inflation :: was just 0.4%, lowest in 59 months

Case for rate cut strengthened further with both CPI & WPI lower than expectations

Annual	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15E
II. Inflation (Y-o-Y %)											
WPI (Annual Averages)											
All commodities	6.5	4.4	6.5	4.8	8.0	3.6	9.6	8.9	7.4	6.0	4.5
Primary articles	3.7	2.9	9.6	8.3	11.1	12.7	17.8	9.9	9.8	9.8	7.0
Fuel & power	10.1	9.5	6.5	0.0	11.6	-2.1	12.3	13.6	10.6	10.1	4.0
Manufactured products	6.3	3.1	5.6	4.9	6.1	1.8	5.7	7.3	5.4	3.0	3.0
CPI-IW/CPI-RU (from FY12)	3.8	4.4	6.7	6.2	9.1	12.4	10.5	10.5	10.2	9.5	7.5

Source: Bloomberg, RMF Internal Research

Valuations Remain Reasonable at ~15x 1yr Fwd & ~12x 2yr Fwd PE

S&P BSE SENSEX – 27,372 (As on 19th Dec.'14)	FY 15	FY 16	FY 17
S&P BSE SENSEX EPS	1,529	1,866	2,230
S&P BSE Sensex P/E	17.9x	14.7x	12.3x

Source : Bloomberg, RCAM Estimates.

Interest rate cuts

If inflation continues to fall, case for likely RBI rate cuts

Moody's/ S&P upgrade

Global credit rating agencies have upgraded their India outlook to stable

Government Actions

Various policy reforms have been taken by the Government, many more like GST, coal reforms, insurance etc are likely

Budget

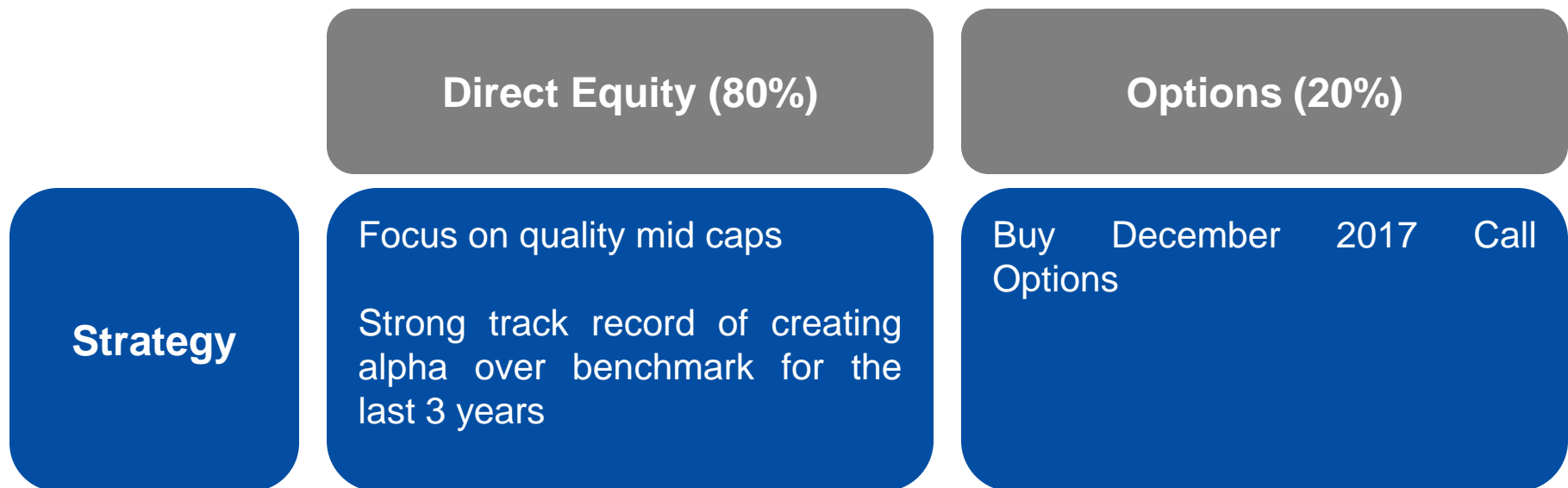
Positive sentiments in case budget is investment-friendly

Differentiated India

Huge demographic advantage, large domestic consumer market
India's GDP per capita has increased from \$2,444 (Dec-03)
to \$5,410 (Dec-2013)

Investment Philosophy

- ❑ First of its kind - Mix of mid cap through direct equity & large cap through options
- ❑ Enables savvy investors to get equity participation



Note: The current fund philosophy may change in future depending on market conditions or fund manager's views.

RMF Fund Management Expertise

❑ Large & Experienced Team:

- 6 Fund Managers including CIO Equities supported by 15 member analyst team.
- Cumulative experience of over 350 years in Indian Equities of which collectively over 100 years with RMF

❑ Strong In House Research:

- Active coverage of over 450 companies (> 1100 co's tracked)
- Analyst Team subdivided with specialists covering all key areas:
 - Sectors & Companies
 - Quantitative Analysis
 - Economics & Macro
 - Technical Analysis

- ❑ Our research capability empowers the Fund Manager to be BOLD in identifying high growth potential stocks & manage the RISK associated with it

(Past performance may or may not be sustained in future)

- ❑ Significant improvement in macro parameters
- ❑ Stable government intent on bringing about reforms and taking pro-growth measures positive
- ❑ Earnings growth and PE rerating could lead to robust market
- ❑ Unique Strategy to capture the growth momentum
- ❑ Large & experienced team, with a track record of creating alpha

Scheme Facts

Investment Objective

The investment objective of the scheme is to provide capital appreciation to the investors, which will be in line with their long term savings goal, by investing in a diversified portfolio of equity & equity related instruments with small exposure to fixed income securities. Although, the objective of the Fund is to generate optimal returns, the objective may or may not be achieved.

Asset Allocation

Diversified Equity & Equity Related Instruments: 80%-100%
Debt & Money Market Instruments: 0%-20%

Option

Growth & Dividend Payout Option
Direct Plan – Growth & Dividend Payout Option

Minimum Application Amount

Rs 5,000 and in multiples of Re 1 thereafter

Benchmark

S&P BSE 200 Index

Load Structure

Entry Load - Nil.
Exit Load: Nil Since the scheme shall be listed on BSE or any other recognised Stock Exchange, Exit load shall not be applicable.

Fund Manager

Samir Rachh & Jahnvee Shah (Overseas Investments)

Scheme Specific Risk Factors: Trading volumes and settlement periods may restrict liquidity in equity and debt investments. Investment in Debt is subject to price, credit, and interest rate risk. The NAV of the Scheme may be affected, inter alia, by changes in the market conditions, interest rates, trading volumes, settlement periods and transfer procedures. The NAV may also be subjected to risk associated with investment in derivatives, foreign securities or script lending as may be permissible by the Scheme Information Document.

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

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Thank you

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