

Product Note

Reliance Capital Builder Fund II – Series B

(A Close Ended Equity Oriented Scheme)


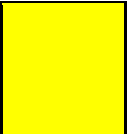

Offer for Sale of Units at Rs.10/- per unit during the new fund offer period

NFO Period: January 09, 2015 to January 23, 2015 **Tenure:** 3 years from the date of allotment of units

Product Label

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

Current Market Scenario & Our Future Outlook

1. The Macro economic trends continue to be positive. There has been significant improvement on various parameters like:

	Nov-2013	Nov-2014
Crude Oil (\$/bbl)	109	79
WPI Inflation	7.24%	1.77%
GDP Growth	4.7%	5.7%
Foreign Reserves (USD billion)	282	315
Current Account Deficit	5.35%	1.05%
PMI	50	53

Source: Bloomberg. PMI refers to HSBC/Markit manufacturing purchasing managers' index.

2. Sharp reduction in import bills

There has been a decline in international prices of Crude Oil, Coal & Edible Oils.

3. Subsidy rationalization - Fuel Price Deregulation

The Diesel prices have been fully deregulated (Almost ~\$10bn delta for the country).

4. FDI Liberalization in manufacturing

FDI norms have been eased in Defense and Railways. The Government is also actively promoting the Make in India campaign which would boost manufacturing.

5. Infrastructure impetus

A Large number of infrastructure projects have been announced including ports, road projects, airports, smart cities, transmission projects etc.

6. Project Monitoring Group

The Project Monitoring Group is fast-tracking and clearing several large projects

7. Coal Reforms

There is a transparent mechanism of e-auctioning of Coal blocks for the private companies

8. Disinvestment drive by the Government

The Government has a target of raising Rs 63,000 crs via disinvestment

9. Agriculture - Inflation reforms

The amendment of APMC Act & other initiatives will lead to inflation control.

Source: Bloomberg

Triggers Ahead

- **Interest rate cuts:** We believe, if inflation continues to fall, there may be a case for likely RBI rate cuts.
- **Moody's/ S&P upgrade:** Global credit rating agencies may upgrade their India outlook.
- **Government Actions:** Various policy reforms have been taken by the Government and many more like GST, coal reforms, insurance etc are likely.
- **Budget:** There may be Positive sentiments in case forthcoming budget is investment-friendly.
- **Differentiated India:** The country has a huge demographic advantage with large domestic consumer market.

Source: Bloomberg, World Bank

Today India is at the cusp of the biggest transformation it will undergo. The growth may surprise!!

With a view to capture some of these opportunities, we are launching Reliance Capital Builder Fund II - Series B. The Fund will invest in a mix of mid cap through direct equity & large cap through options, leading to possible wealth creation for investors. Although, the objective of the Fund is to generate optimal returns, the objective may or may not be achieved.

Source: RMF Internal Research

'Presenting: Reliance Capital Builder Fund II – Series B'

Investment Philosophy

- Twin benefit of Alpha generation through active fund management and market participation through long call options.
- The Fund enables savvy investors to get equity participation.

Investment Strategy

- **Direct Equity (80%)**
 - Well diversified portfolio across stocks and sectors
 - Focus on high quality mid cap companies
 - Tactical allocation to Large caps based on market opportunities
- **Options (20% of the net assets of the scheme)**
 - Exposure to 3 year Long Call options of CNX Nifty.

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

RMF 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

Scheme Details:

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

- **New Fund Offering Period:** January 09, 2015 to January 23, 2015
- **Benchmark :** S&P BSE 200 Index
- **Tenure:** 3 years from the date of allotment of units
- **Fund Manager:** Mr. Samir Rachh & Ms. 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.

Disclaimers

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