




An Open-Ended Equity Scheme

NFO Opens: 11th May 2015 **NFO Closes:** 25th May 2015




Scheme Re-Opens: On or before 08th June 2015

This product is suitable for investors who are seeking*:

- Regular Income & Capital appreciation
- To generate income by investing in arbitrage opportunities in the cash and derivatives segment of the equity market, and capital appreciation through a moderate exposure in equity.
- High risk.  (Brown)

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

Note: Risk may be 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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SBI FUNDS MANAGEMENT PRIVATE LIMITED

A joint venture between SBI & AMUNDI

- Predicament of low risk hybrid strategies
- Presenting SBI Equity Savings Fund
- The Arbitrage Component
- Tax Efficiency
- Key Features
- Why Invest?
- Investment Team

Predicament of Low Risk Hybrid Strategies

Difficulty of Low Risk Hybrid Strategies

Low risk Hybrid Strategies - Two for One Benefits

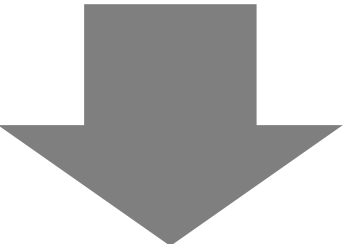
Equity
(Less than 35%)



Fixed Income
(More than 65%)



Capital Appreciation
High Risk



Regular Income
Low Risk



Taxation: Non Equity Scheme

**Problem:
Tax Inefficiency**

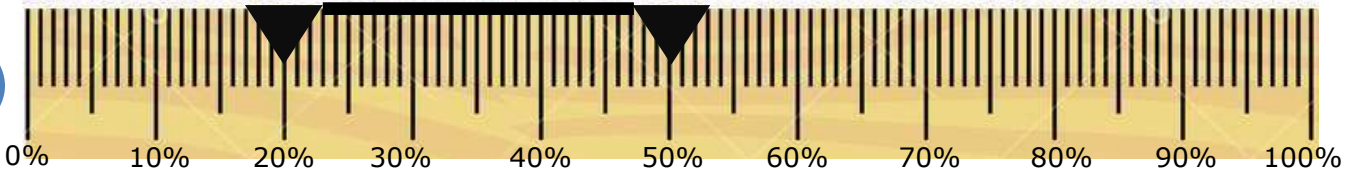
Presenting:
SBI Equity Savings Fund

Connecting the Strategies

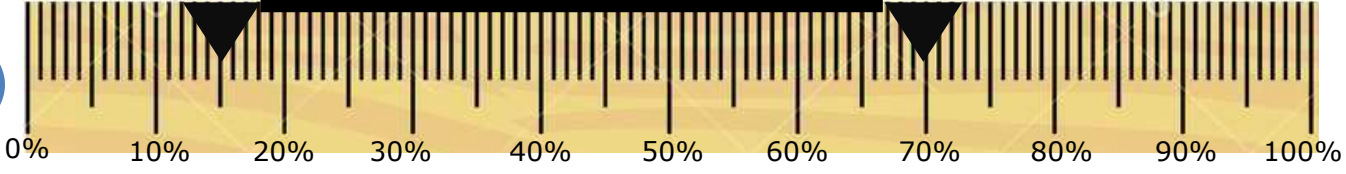
Bringing Tax Efficiency

SBI Equity Savings Fund

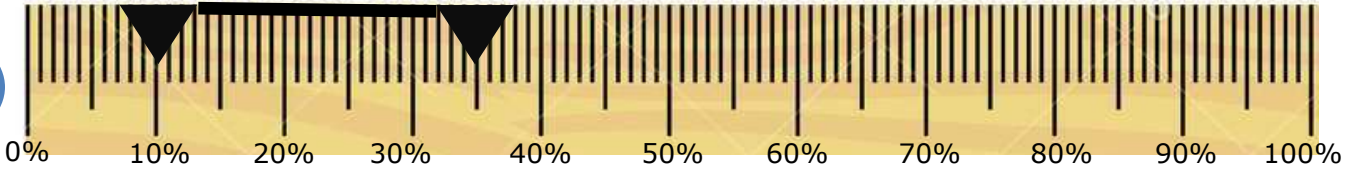
Net Long Equity Exposure



Cash-future arbitrage



Debt & Money Market



A 3 Pronged Strategy

Equity

- Generates capital appreciation by taking limited equity exposure
- Stock selection is focused on 3 factors
 1. Growth potential relative to peers
 2. Valuations
 3. Value add i.e., excess $RoCE > WaCC$

Arbitrage

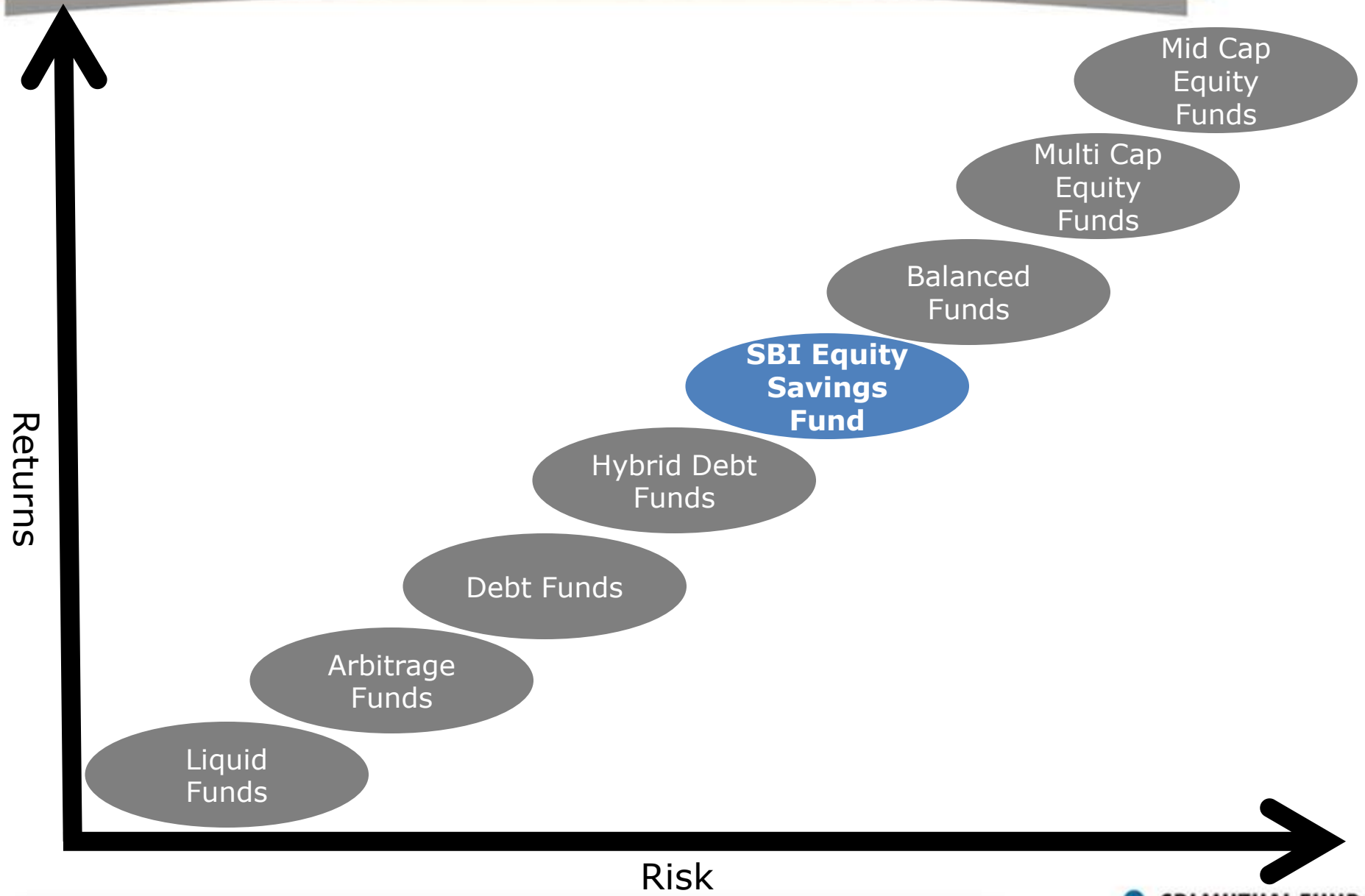
- Generates income by exploiting the arbitrage opportunities in the market
- Invests into equity stocks in the cash market & takes an equivalent short position in futures market
- Captures spread between spot & futures market

Debt

- Generates regular income by investing in debt & money market instruments
- Provides liquidity to the fund & also margin for derivatives
- Maturity profile of debt instruments is based on interest rate outlook & current market conditions

$RoCE$ = Return on Capital Employed; $WaCC$ = Weighted Average Cost of Capital

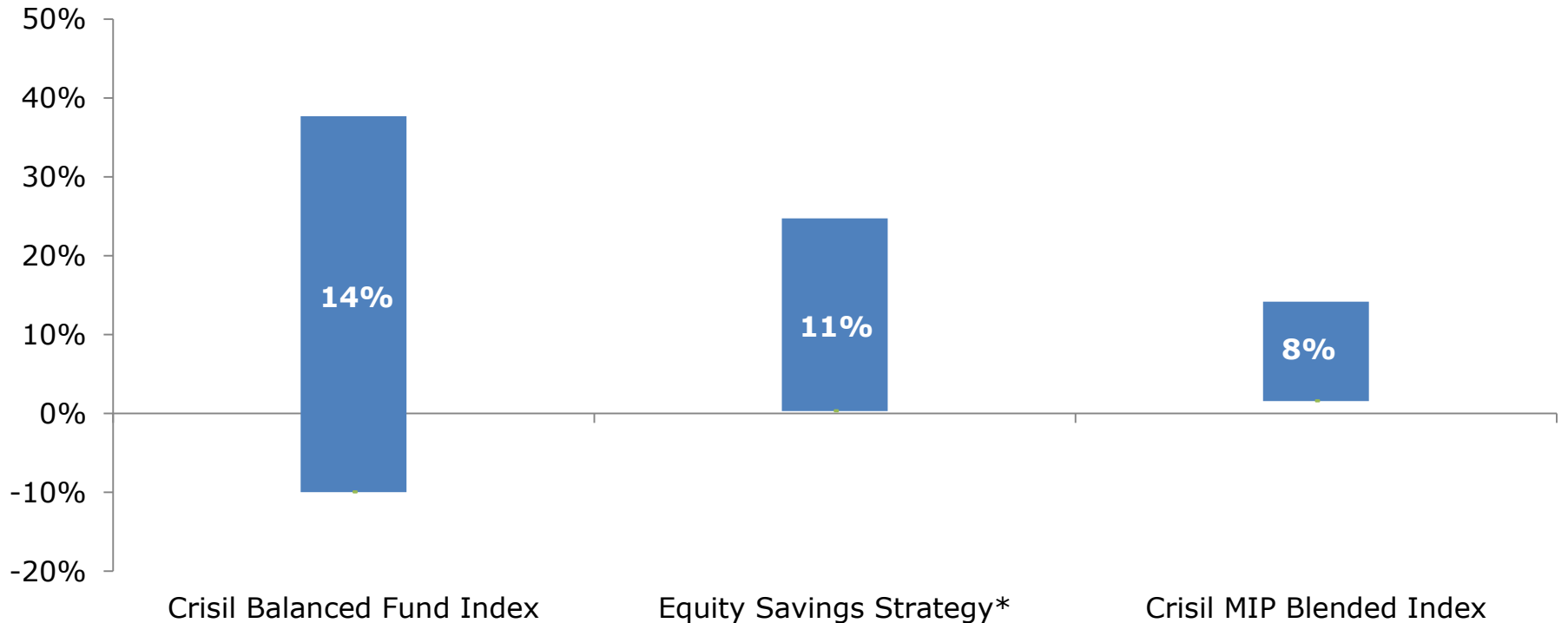
SBI Equity Savings Fund: Positioning



A Stable Hybrid Strategy

Equity Savings Strategy reduces volatility leading to relative stability in performance

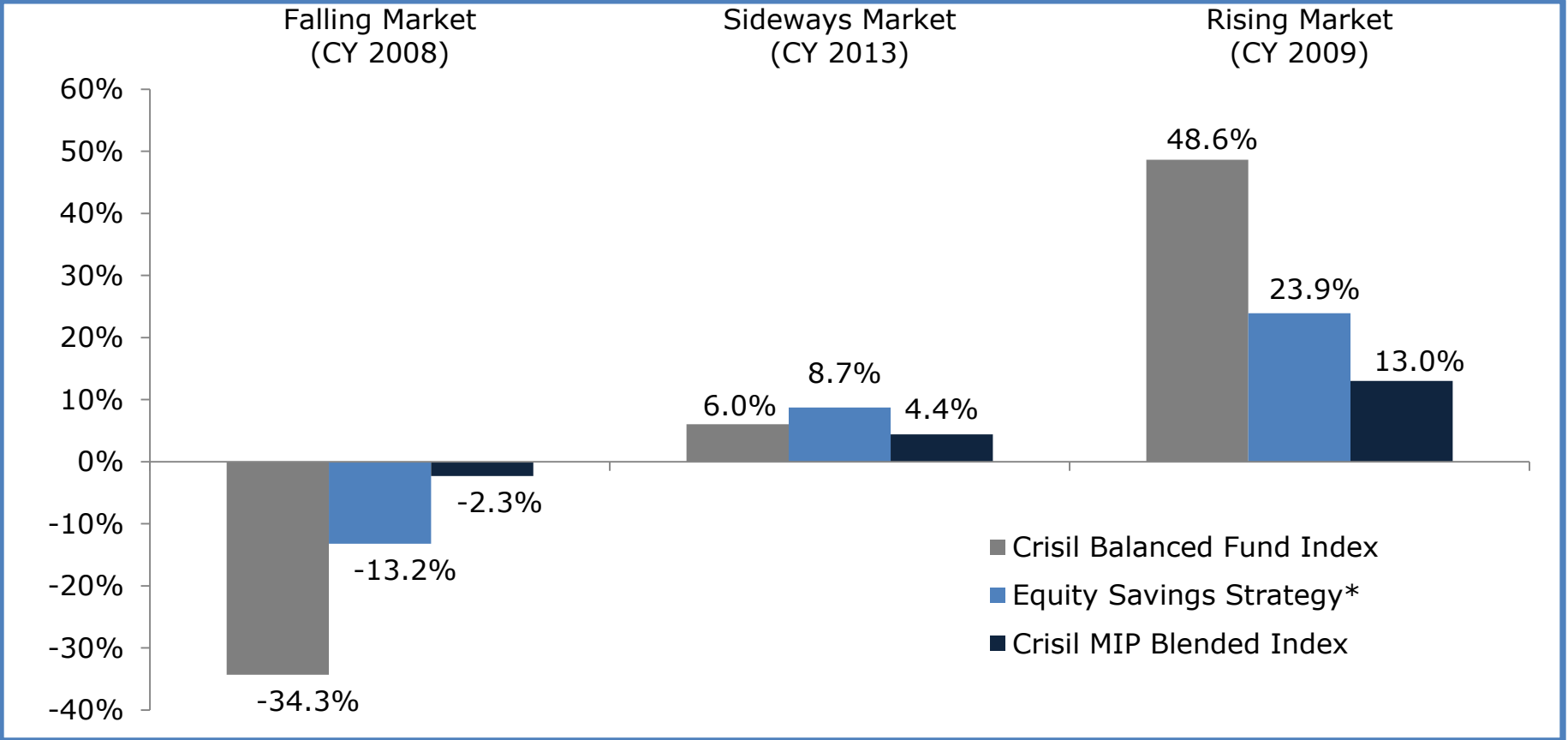
Rolling 2 year returns (Mar 2004 - Mar 2005)



Past performance may or may not be sustained in future. Source: Bloomberg, CRISIL Fund Analyzer. *Equity Savings Strategy refers to 30% CNX Nifty + 70% Crisil Liquid Fund Index rebalanced on a daily basis. The above is only for illustration of the way this strategy works in various scenarios and in no way should be construed as any indication of future returns of any of the schemes. The above chart depicts the high-average-low 2 year return (CAGR) of the specified index.

Performs across market cycles

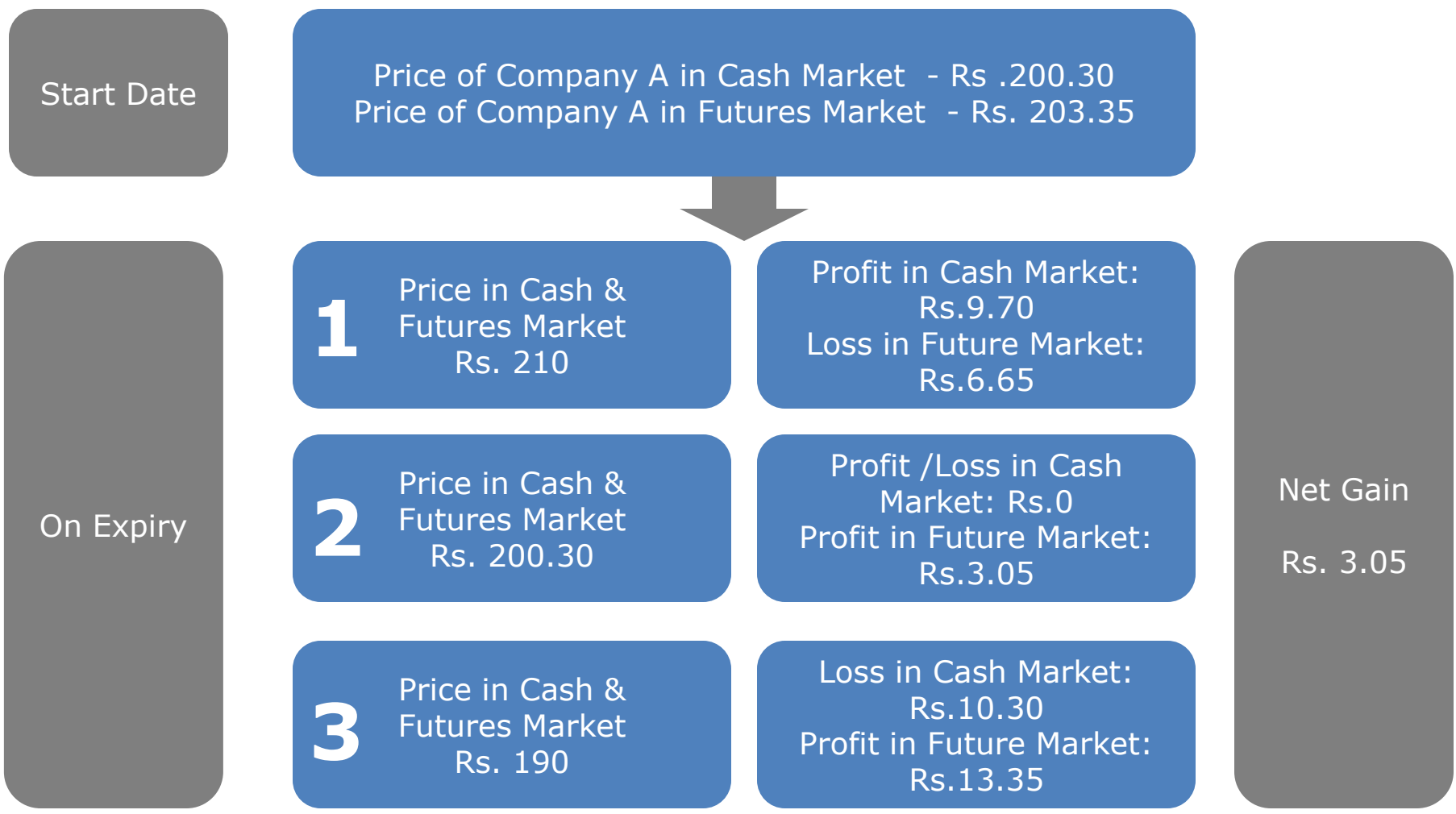
Equity Savings Strategy helps to reduce the downside while providing opportunity to participate in rising markets



Past performance may or may not be sustained in future. Source: Bloomberg, CRISIL Fund Analyzer. *Equity Savings Strategy refers to 30% CNX Nifty + 70% Crisil Liquid Fund Index rebalanced on a daily basis. The above is only for illustration of the way this strategy works in various scenarios and in no way should be construed as any indication of future returns of any of the schemes.

How does the Arbitrage Strategy work?

Working of a Cash Future Arbitrage Strategy



The above is only to explain the concept of cash future arbitrage and should not be construed as any indication of future returns. The above illustration does not take costs into consideration.

How different is this fund from other strategies?

	Debt Hybrid Funds	Balanced Funds	Arbitrage Funds	Equity Savings Funds
Type of Scheme	Debt	Balanced	Equity	Equity
Typical Equity Allocation Range (including equity derivatives)	<=35%	>=50%	>=65%	>=65%
Cash – Future Arbitrage Strategies followed	X	X	✓	✓
Volatility	Medium	High	Low	Medium
Equity Taxation*	No	May have	Yes	Yes

*Please consult your tax advisor for details

Tax Efficiency

Illustration			
	Non-Equity Taxation	Equity Taxation	Gain required in non-equity tax product
Amount of Investment	1,00,000	1,00,000	1,00,000
Assumed Pre-tax annualized return	9%	9%	14%
Gains/Interest Earned after 1 year	9,000	9,000	13,763
Amount at the end of 1 year	1,09,000	1,09,000	1,13,763
Taxable Gains/ Income	9,000	9,000	13,763
Applicable Tax Rate*	34.61%	0%	34.61%
Tax Liability	3,115	0	4,763
Post Tax Gains/ Income	5,885	9,000	9,000
Post Tax Annualised Yield	5.89%	9.00%	9.00%

To reproduce similar gains

*Assuming highest tax bracket & including surcharge & cess. The above table is only to illustrate the tax treatment of different types of funds and in no way should be construed as any indication of returns. Past performance may or may not be sustained in future. This calculation is based on prevailing tax laws and is applicable only in case of resident investors. Please consult your tax advisor for details & before taking any decision of investment.

- Investment objective is to generate income by investing in arbitrage opportunities in the cash and derivatives segment of the equity market, and capital appreciation through a moderate exposure in equity.

However there is no guarantee or assurance that the investment objective of the scheme will be achieved.

- Invests across equity, debt & equity derivatives

- Suitable for investors looking for optimum risk adjusted returns over the medium term

Asset Allocation

- Indicative Asset Allocation under normal circumstances:

Instruments	Indicative allocations (% of total assets)		Risk Profile
	Minimum	Maximum	
Equity and Equity related Instruments including derivatives	65%	90%	Medium to High
Out of which:			
- Cash-future arbitrage:	15%	70%	
- Net long equity exposure:	20%	50%	
Debt* and Money Market Instruments (including margin for derivatives)	10%	35%	Low to Medium

- Asset Allocation when adequate arbitrage opportunities are not available in the Derivative and Equity markets, the alternate asset allocation# on defensive considerations would be in as per the allocation given below

Instruments	Indicative allocations (% of total assets)		Risk Profile
	Minimum	Maximum	
Equity and Equity related Instruments including derivatives	30%	70%	Medium to High
Out of which:			
- Cash-future arbitrage:	0%	45%	
- Net long equity exposure:	20%	50%	
Debt* and Money Market Instruments (including margin for derivatives)	30%	70%	Low to Medium

#The above alternate asset allocation will be for temporary period and would be rebalanced by the AMC within 30 days.

The cumulative gross exposure through Equity and Equity related Instruments including derivatives position, debt, Money Market Instruments /Units of debt & liquid mutual funds will not exceed 100% of the net assets of the scheme. *Exposure to domestic securitized debt may be to the extent of 20% of the net assets. The Scheme shall not invest in ADR/ GDR/ Foreign Securities / foreign securitized debt. The Scheme shall invest in repo in corporate debt. The Scheme shall not engage in Stock lending. The Scheme shall not engage in short selling

Key Features

Plans/ Options

The Scheme has two plans viz. Regular plan & Direct plan. Both plans would offer Growth & Dividend options. Dividend option will have the facility of Reinvestment, Payout & Transfer

Benchmark

30% CNX Nifty + 70% Crisil Liquid Fund Index

Fund Manager

Mr. Neeraj Kumar & Mr. Ruchit Mehta

Load Structure

Entry Load: Not Applicable

Exit Load:

For exit within 1 year from the date of allotment -1%

For exit after 1 year from the date of allotment - Nil

Minimum Application Amount

Rs. 5,000/- and in multiples of Re. 1 thereafter

Additional Purchase Amount

Rs. 1,000/- and in multiples of Re. 1 thereafter

Why Invest?

1

Medium Volatility

Net long equity exposure in the range of 20 – 50%; Limited directional equity exposure reduces the volatility compared to equity funds

2

Potential for capital appreciation

Moderate exposure to equity allows the fund to participate in the long term growth of equity markets

3

Regular Rebalancing

Directional equity exposure in the range of 20%- 50% ensures disciplined rebalancing

4

Tax Efficiency

Fund is an equity fund for tax purposes

*Investors are advised to consult their Tax/ Financial Advisor before taking decision of Investment.



State Bank of India

- India's premier and largest bank with over 200 years experience (Estd: 1806)
- Asset base of USD 399 bn*
- Pan-India network of ~22,972 branches and ~ 50,000 ATM's as at end of Dec 2014
- Servicing over 256 million customers

Amundi

ASSET MANAGEMENT

- Global leader in asset management
- Backed by Credit Agricole and Société Générale
- More than 2,000 institutional clients and distributors in 30 countries
- Over 100 million retail clients via its partner networks
- € 866 bn AuM as at end of December 2014#

63%



37%

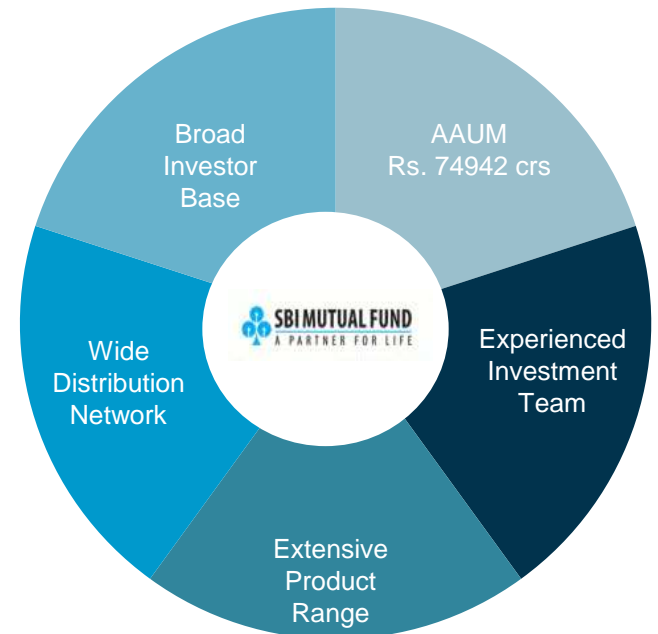
*Source: SBI Analyst Presentation as on end December 2014

Source : Amundi website as on end December 2014

SBI Funds Management: India's First Bank Sponsored Funds

Established in 1987: A leading asset manager in India

- Expertise in managing assets across mutual funds, segregated managed accounts, domestic advisory and offshore advisory business
- Multiple asset classes ranging from equities and debt, money market to ETFs and structured funds
- Investment team of 33 professionals with strong track record
- Broad customer base with ~ 4.09 million folios related to individual, corporate and institutional investors



Source: SBI Funds Management Private Limited, AMFI; Average AUM (AAUM) for the quarter ending on March 31, 2015

Annexure

- **Mr. Navneet Munot**

Mr. Navneet Munot joined SBI Funds Management Pvt. Ltd. as Chief Investment Officer in Dec. 2008. Prior to SBIFM he was the Head of Multi Strategies fund at Morgan Stanley Investment Management before which he worked as the Chief Investment Officer (Fixed Income and Hybrid Funds) of Birla Sun Life Asset Management Company Ltd. Navneet has been associated with the financial services business of the Birla group for over 13 years and worked in various areas such as fixed income, equities and foreign exchange. His articles on matters related to financial markets have widely been published. Navneet holds a Masters in Commerce and is also a Chartered Accountant. He is a charter holder of Chartered Financial Analyst Institute, US and Chartered Alternative Analyst Institute, US. He has also done Financial Risk Management, FRM from Global Association of Risk Professionals (GARP).

- **Mr. Ruchit Mehta**

Ruchit joined SBIFM in 2010, Ruchit joined us from HSBC Asset Management where he was an analyst and assistant portfolio manager for four years. Prior to HSBC, Ruchit was as a sell side analyst with leading broking firms like ASK Raymond James and Prabhudas Liladhar for two years. Ruchit is a commerce graduate from Mumbai University and holds masters degree in finance from Lancaster University, UK. He is also a charter holder of the CFA Institute, USA

- **Mr. Neeraj Kumar**

Neeraj joined SBIFM in 2006. Prior to joining SBIFM Neeraj was associated with Life Insurance Corporation of India (LIC) for 10 years. He started his career as an administrative officer in finance and accounts department of LIC. Thereafter he worked as an equity analyst for five years and subsequently as a dealer for three years. Neeraj is a commerce graduate and chartered accountant from ICAI.

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

This presentation is for information purposes only and is not an offer to sell or a solicitation to buy any mutual fund units/securities. The views expressed herein are based on the basis of internal data, publicly available information & other sources believed to be reliable. Any calculations made are approximations meant as guidelines only, which need to be confirmed before relying on them. These views alone are not sufficient and should not be used for the development or implementation of an investment strategy. It should not be construed as investment advice to any party. All opinions and estimates included here constitute our view as of this date and are subject to change without notice. Neither SBI Funds Management Private Limited, SBI Mutual Fund 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