

December 2011

Indepth

The Investment Newsletter



Weak leadership is a curse during the time of crisis, such as this. The growth is moderating, while the inflation remains stubborn at an elevated level. The demographic advantage of a huge pool of young working population that we have currently, is slowly turning into a big threat. The prices are increasing, while the job market is shrinking. Every year, 25 million odd people are attending the age of entering the job market in India, and the trend is going to continue for the next 20 years or more. What happens, if not enough new jobs are generated to absorb these huge waves of young aspiring populace? 'Frustration' is the answer. What happens to young frustrated people when they have no jobs? We all know the answer. We are talking about grave socio-economic consequences here. Slowly, but surely, we are moving towards a flash point, where the situation will be both irreversible as well as incorrigible.

The current government has realised this, or else it would not have taken such a naïve pro-reform step to approve the Foreign Direct Investment in the retail sector without adequate ground work. 'You do not desperately whip a lame horse unless you see the tiger coming.' This failed attempt of an ill timed but a bold move by the government has made the situation even worse. So far the intention of the government was questioned, but now the ability has also come under a big scanner. What next? The only comfort we can draw from the circumstance is that the expectation from the government has almost reached the zero level. Therefore, any surprise element going forward, will be a positive surprise for the market.

The crisis in Europe also does not help the situation. There is no quick fix solution to the Euro crisis. It seems that Europe will settle down with all its problems in a very hard and complicated way. The battle will be a long drawn one, and so will be the uncertainties in the investment environment. Though we are largely insulated from this crisis in the real economy as we are a domestic driven economy, but the impact will be felt through financial and currency market transmissions. Comparatively, the US is looking in a much better shape. But again, the fundamental weaknesses in the US are going to persist, and will have a long term decaying effect on US GDP growth going forward.

So today, where do we stand in the Indian Capital Market? We think this is a good time to go long on bonds. Capture the current high interest rates in your portfolio for as long as possible. The bond prospers (interest rate falls) when the economy declines. The current situation leaves the RBI with very little choice, but to adopt a policy to roll back (albeit slowly) its high interest rates regime. We think it is just a matter of time before the RBI will act. Notwithstanding the fiscal mess, which also seems to be a

global phenomenon now, the asset class that will be the first to rally with the government securities and then comes the corporate bonds. The equity, real estate and commodities, as per the order of their riskiness, have to wait for their turns to come. It is all cyclical. We are at the end of one such cycle and getting into another.

Saibal Ghosh
Chief Investment Officer

Fund Managers

Fixed Income and Hybrid Funds

Mr. Imran Sayed

Qualification : Awarded CFA charter by CFA Institute - 2006 FRM - 2005

Experience : 10 years

Equity

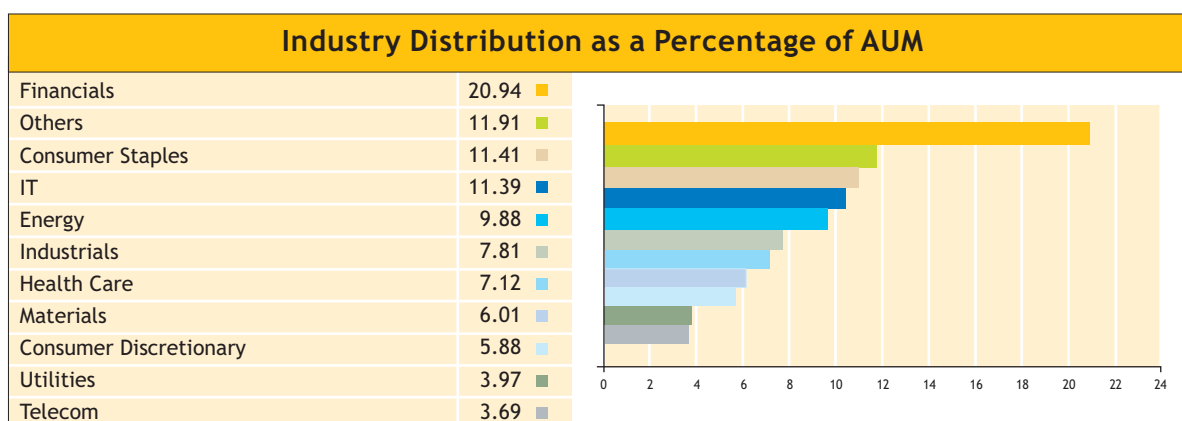
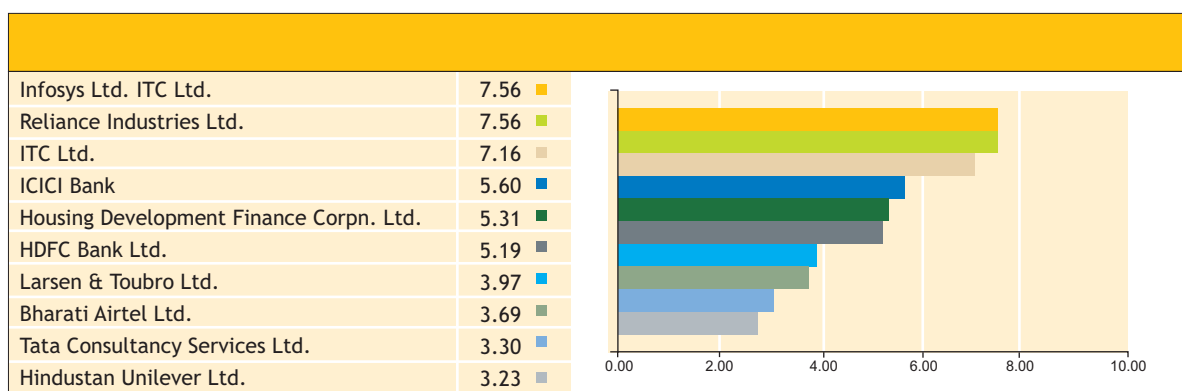
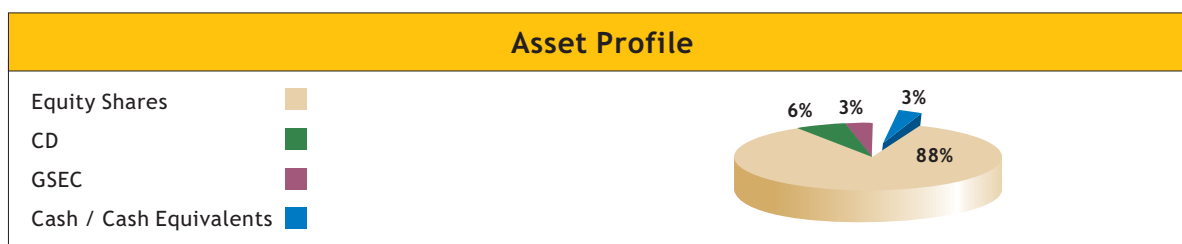
Mr. Jyoti Prakash

Qualification : CFA-1993 PGDRM (IRMA)

Experience : 25 years

Enhanced Equity Fund

Fund Manager : Mr. Jyoti Prakash
Investment Objective : This fund will aim to invest in a well-diversified portfolio of equity instruments, and generate attractive returns in the long term.



Returns

	6 months (abs)	1 Year (abs)	Since inception, 25th July 2008, (abs)
Enhanced Equity Fund	-9.10%	-14.63%	+17.78%
Nifty	-13.09%	-17.58%	+8.99%

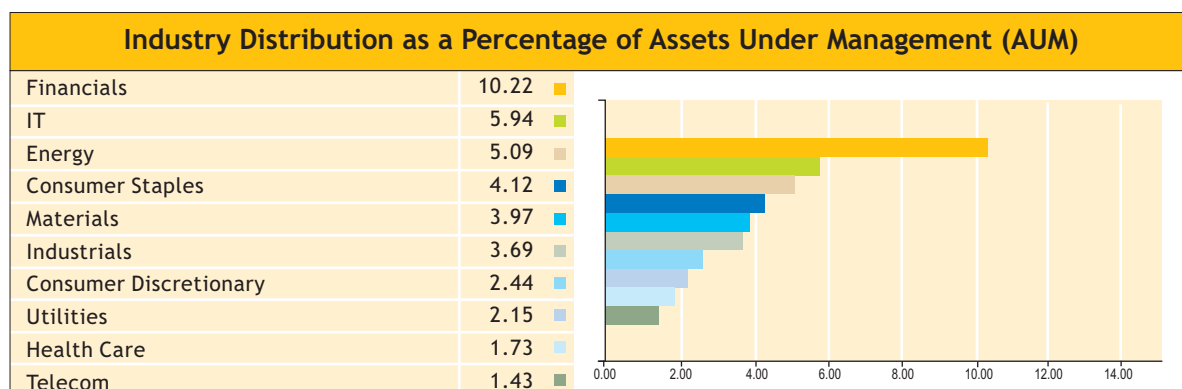
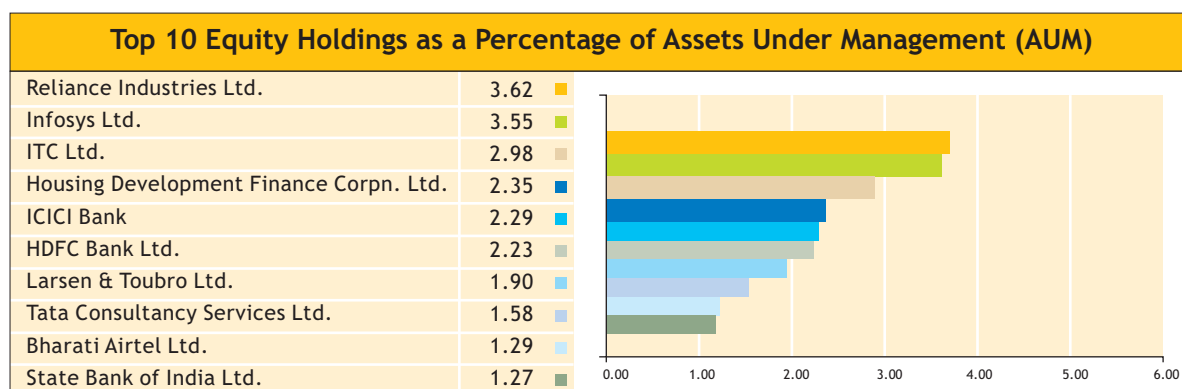
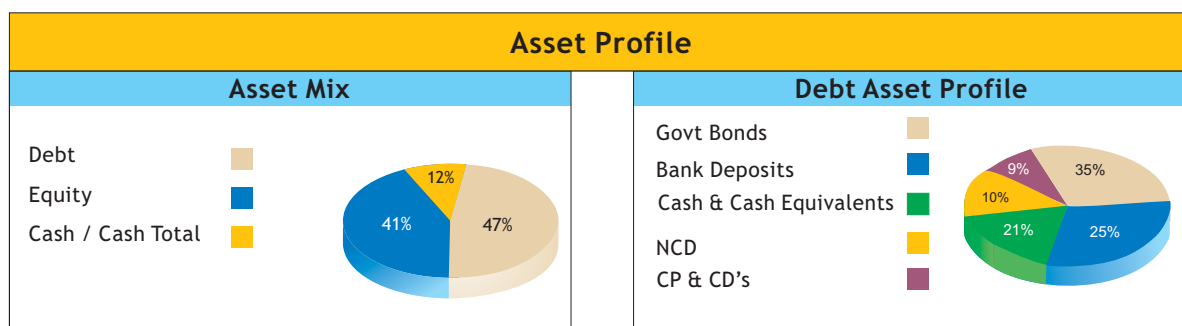
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Figures as of 30th November 2011

Balanced Fund

Fund Manager : Mr. Imran Sayed

Investment Objective : This fund will aim to maintain a balance between equity and debt exposure so as to generate stable and attractive long term returns.



Returns			
	6 months (abs)	1 Year (abs)	Since inception, 20th August 2008, (abs)
Balanced Fund	-4.58%	-7.01%	+21.02%

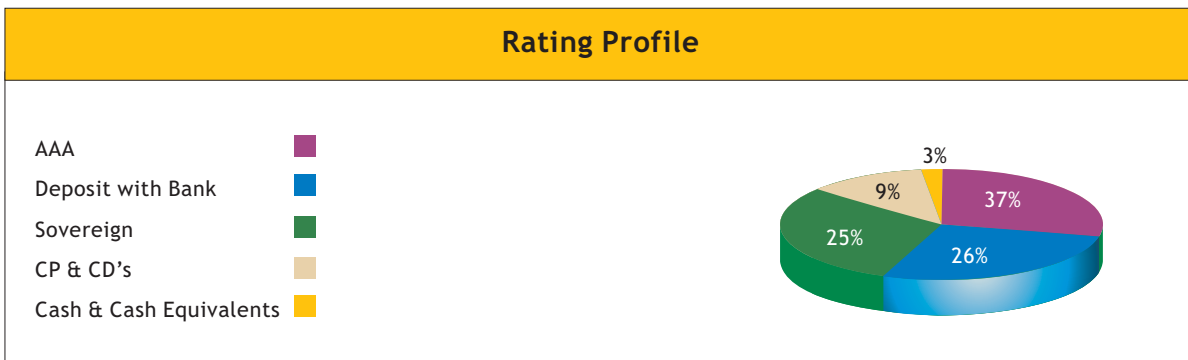
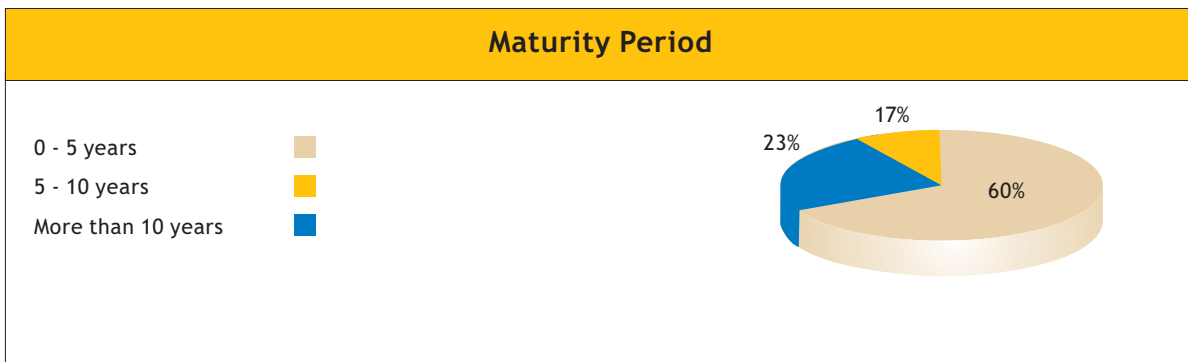
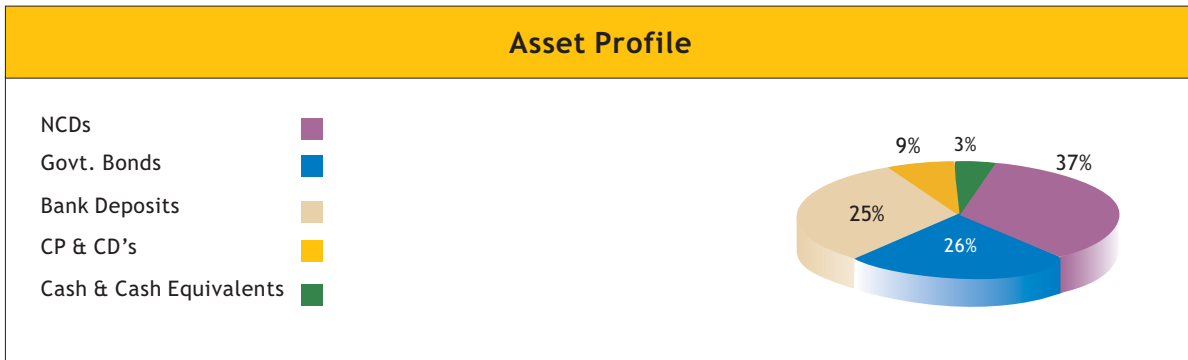
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Figures as of 30th November 2011

Debt Fund

Fund Manager : Mr. Imran Sayed

Investment Objective : This fund will aim to generate attractive returns by investing in a diversified portfolio of government debt, corporate debt, money market instruments and other fixed income securities of varying maturities.



Returns

	6 months (ann)	1 Year (ann)	Since inception, 20th August 2008, (ann)
Debt Fund	+10.61%	+8.04%	+13.37%

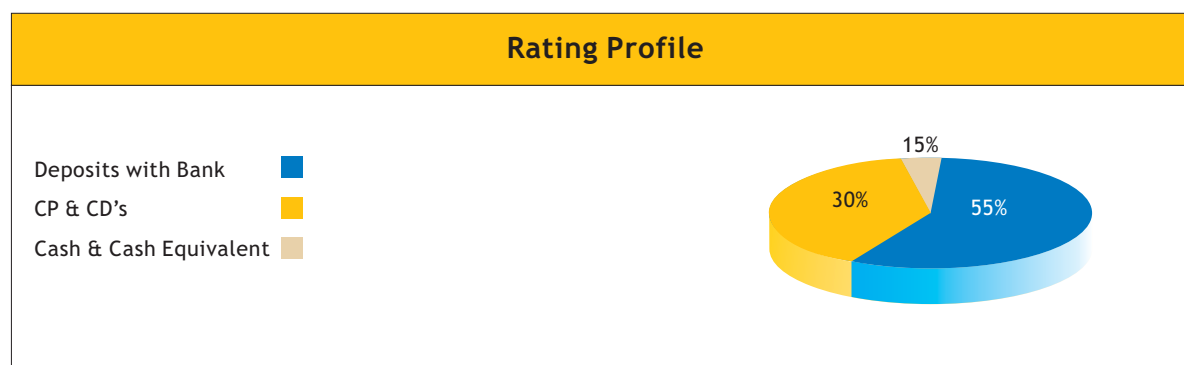
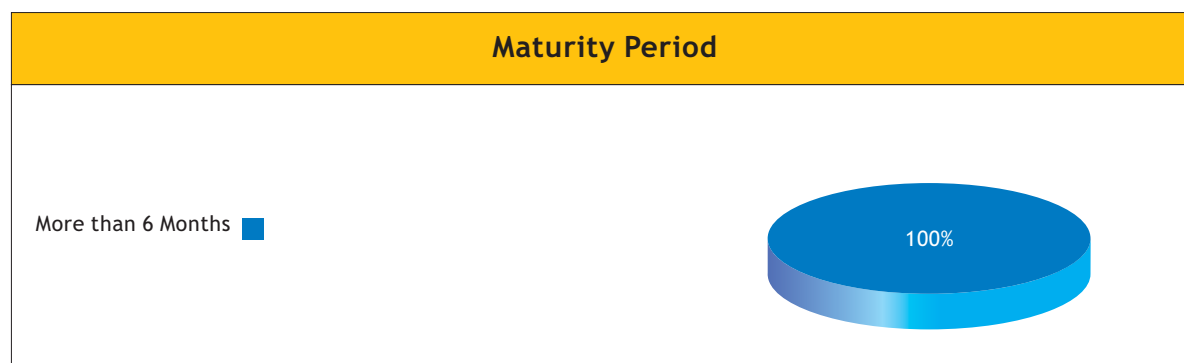
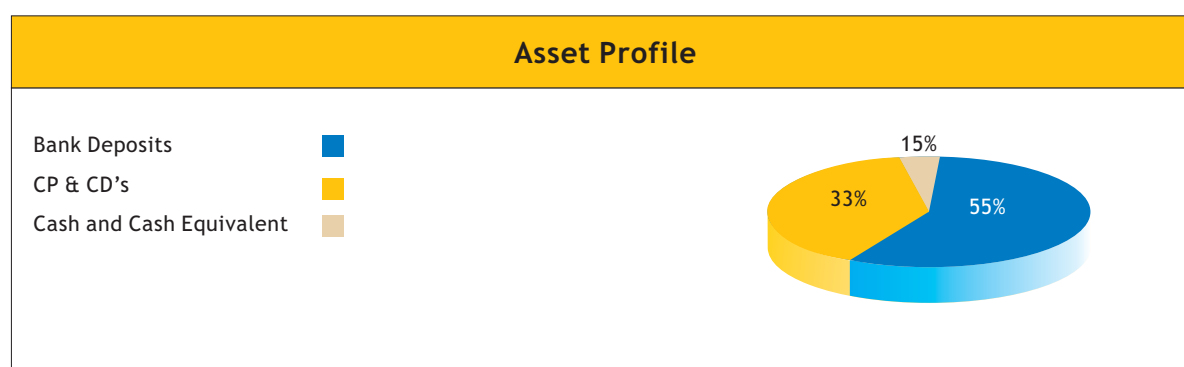
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Figures as of 30th November 2011

Secure Fund

Fund Manager : Mr. Imran Sayed

Investment Objective : This fund aims to invest in a diversified portfolio of money market instruments and other fixed income securities of short to medium term maturities. The main objective will be to generate reasonable returns with very low valuation risks.



Returns

	6 months (ann)	1 Year (ann)	Since inception, 8th September 2008, (ann)
Secure Fund	+8.88%	+8.48%	+8.32%

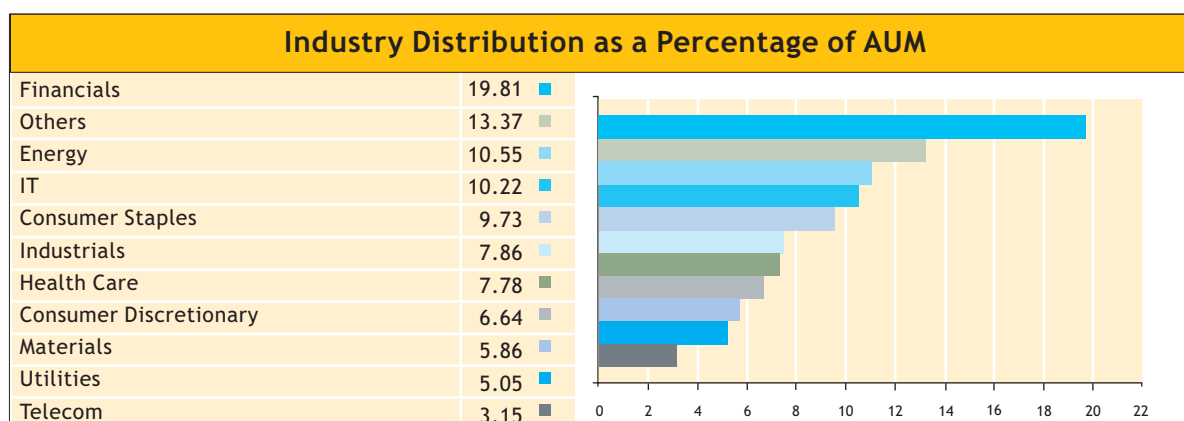
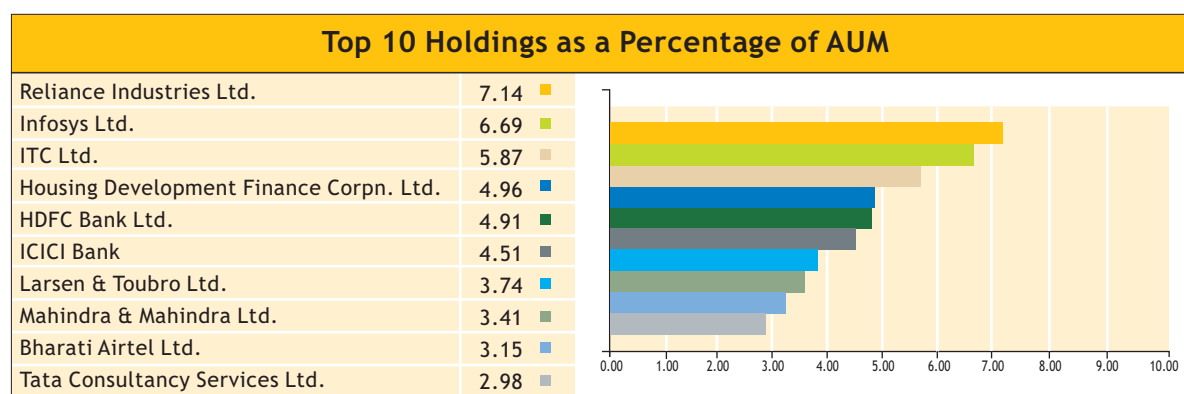
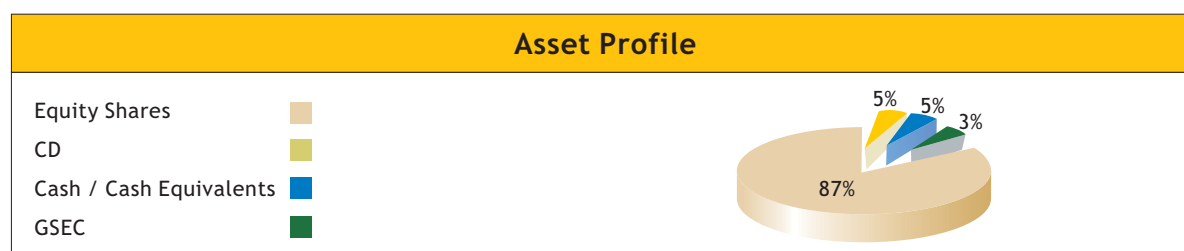
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Figures as of 30th November 2011

Accelerator Fund

Fund Manager : Mr. Jyoti Prakash

Investment Objective : This fund will aim at investing in equities of various sectors to diversify the portfolio and to generate attractive returns in long-term. This fund will also have the flexibility to invest in fixed interest assets and money market instruments upto 20%



Returns

	6 months (abs)	1 Year (abs)	Since inception, 16th September 2010, (abs)
Accelerator Fund	-9.90%	-15.58%	-16.24%
BSE100	-14.19%	-19.00%	-19.45%

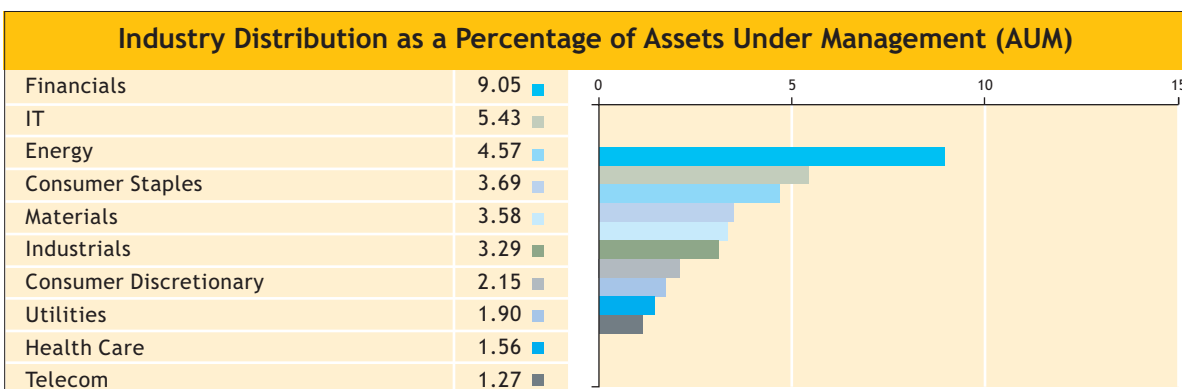
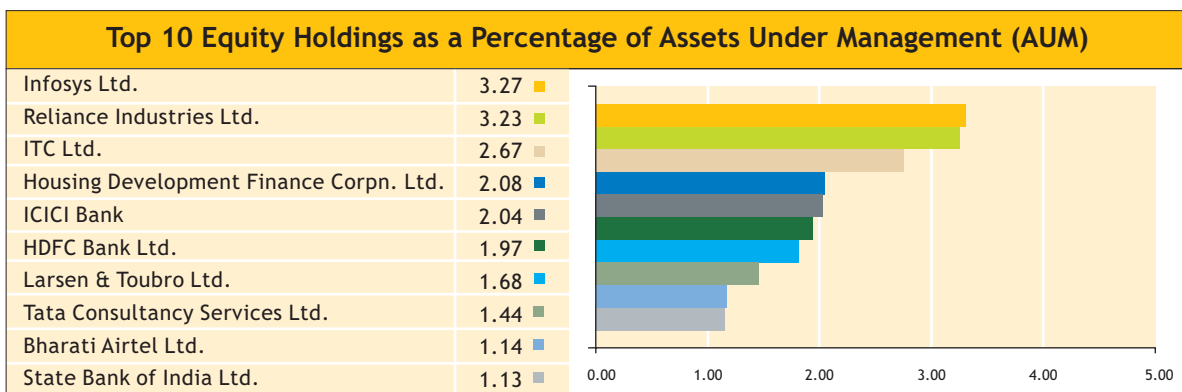
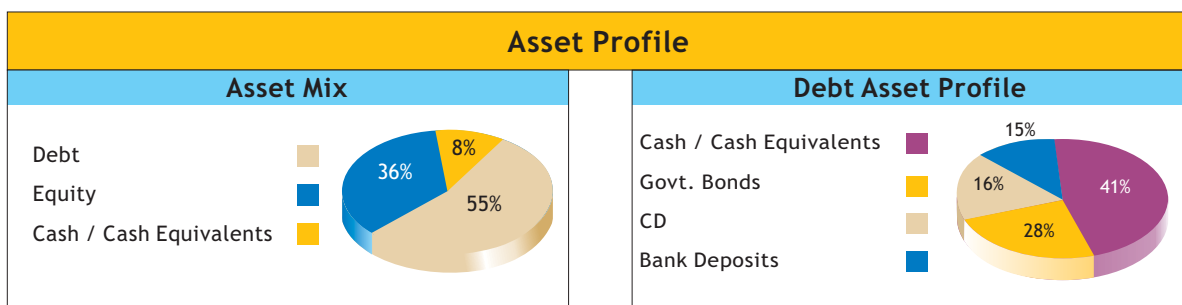
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Figures as of 30th November 2011

Stable Fund

Fund Manager : Mr. Imran Sayed

Investment Objective : This fund will aim to maintain a balance between equity and debt exposure so that the client has a stable and attractive long term return. The fund will also shift allocation between debt and equity to gain from asset price movements over medium to long term.



Returns

	6 months (abs)	1 Year (abs)	Since inception, 24th September 2010, (abs)
Stable Fund	-4.15%	-5.02%	-6.98%

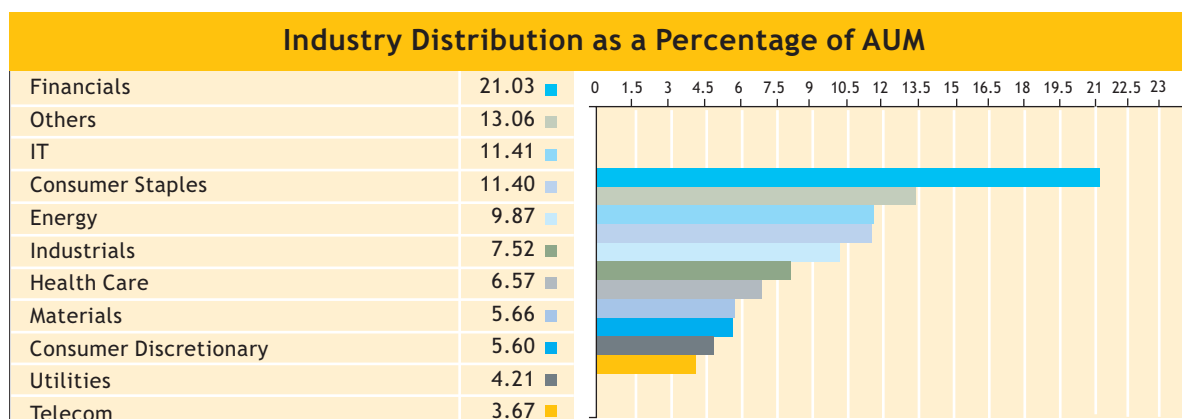
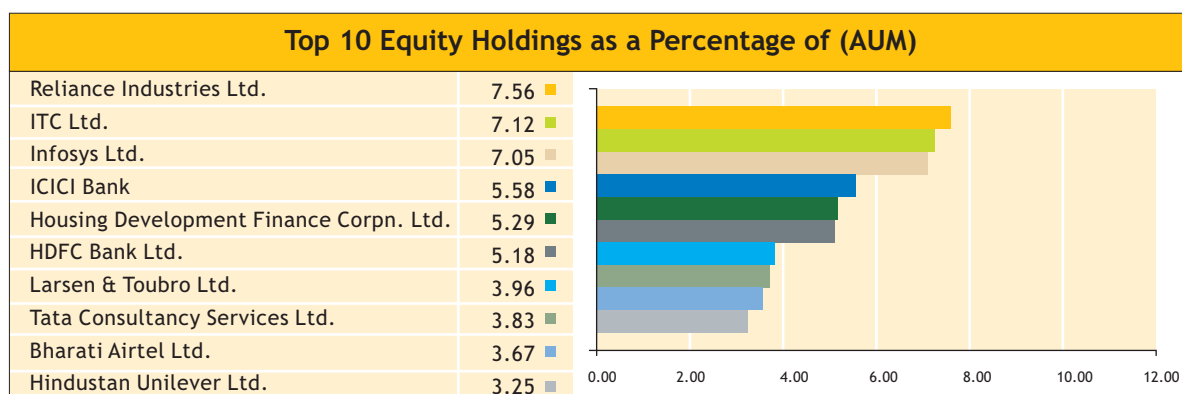
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Figures as of 30th November 2011

Pension Enhanced Equity Fund

Fund Manager : Mr. Jyoti Prakash

Investment Objective : This fund will aim at investing in equities of various sectors to diversify the portfolio and generate attractive returns in the long term. The fund will also have the flexibility to invest in money market instruments and other short term Fixed Income Securities up to 20%.



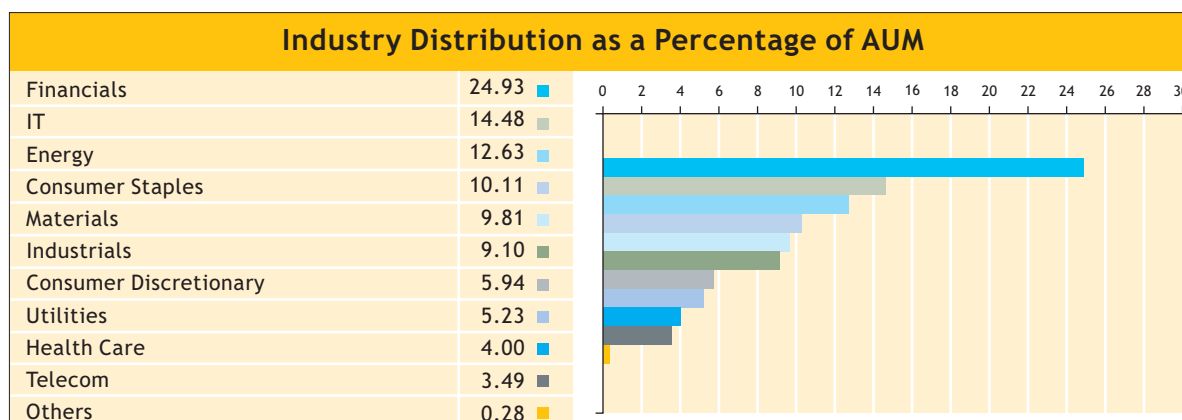
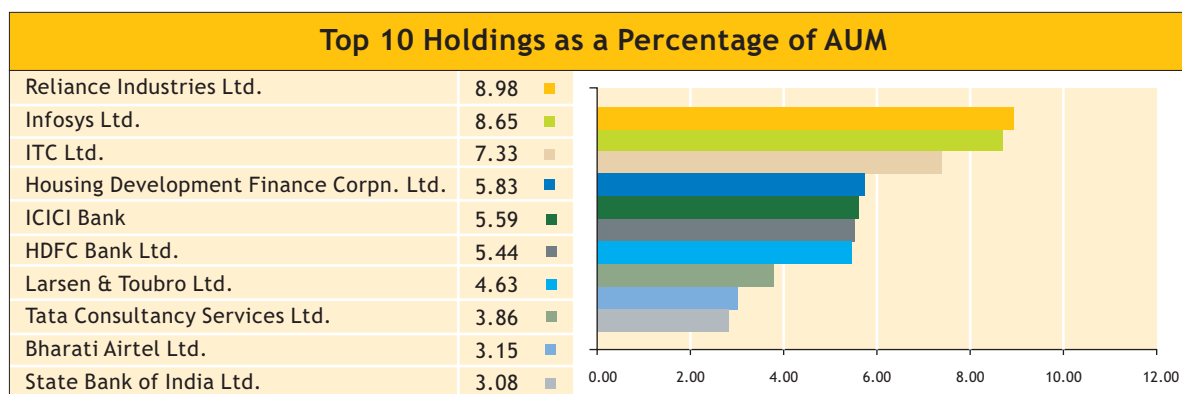
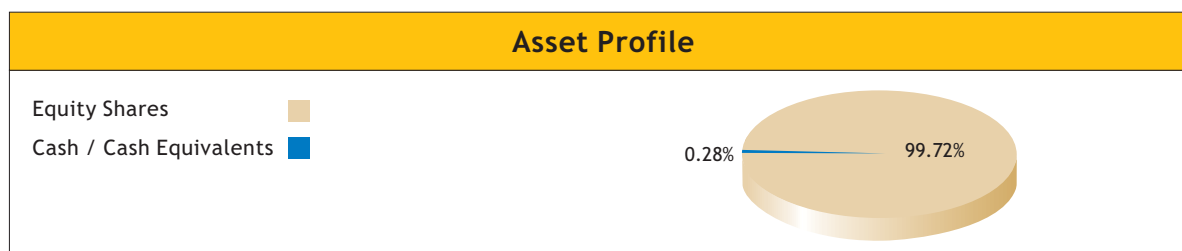
Returns

	6 months (abs)	1 Year (abs)	Since inception, 19th January 2009, (abs)
Pension Enhanced Equity Fund	-9.03%	-14.75%	+87.26%
Nifty	-13.09%	-17.58%	+69.77%

Pension Index Fund

Fund Manager : Mr. Jyoti Prakash

Investment Objective : This fund aims at investing in equities but does not take stock-specific risks. Replicating the market performance at low cost. The fund is indexed to Nifty 50.



Returns

	6 months (abs)	1 Year (abs)	Since inception, 22nd January 2009, (abs)
Pension Index Equity Fund	-12.73%	-17.44%	+75.68%
Nifty	-13.09%	-17.58%	+78.05%

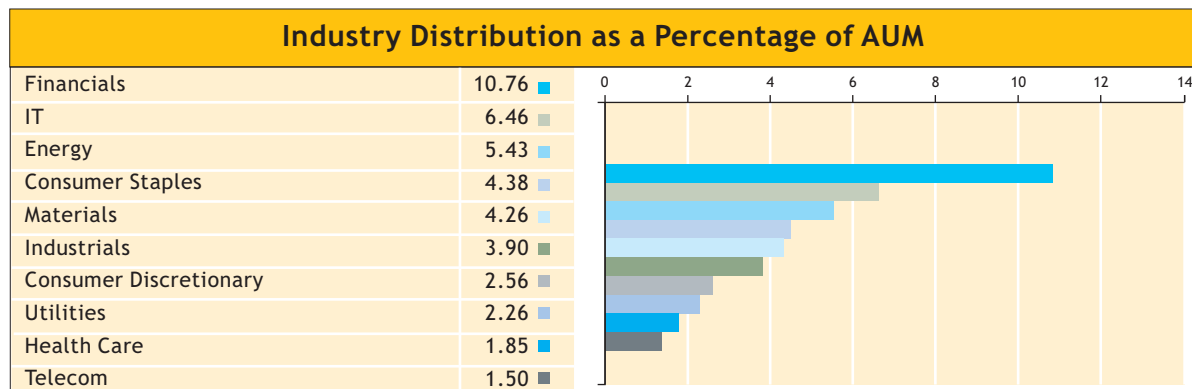
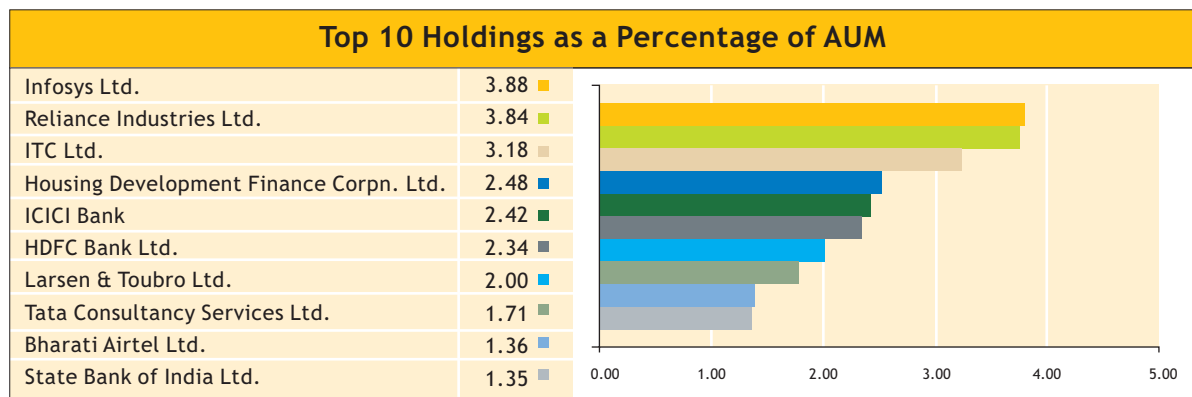
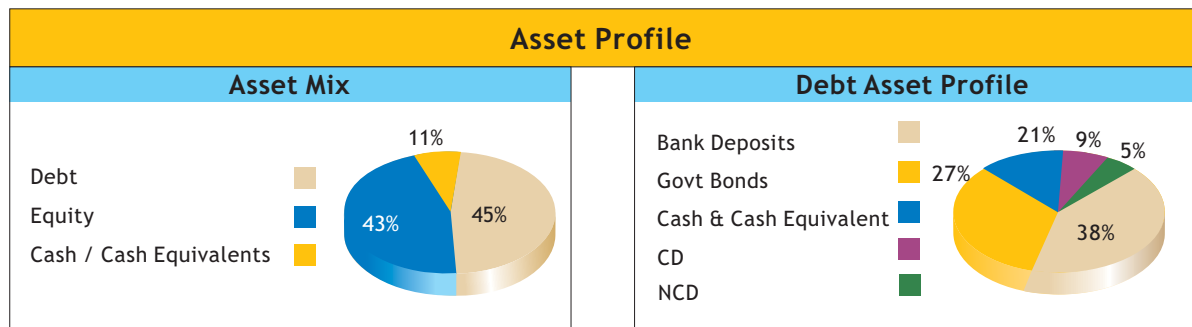
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Figures as of 30th November 2011

Pension Balanced Fund

Fund Manager : Mr. Imran Sayed

Investment Objective : This fund will aim to protect the capital value of the fund and provide attractive returns to the policyholder in the long run.



Returns

	6 months (abs)	1 Year (abs)	Since inception, 22nd January 2009, (abs)
Pension Balanced Fund	-4.56%	-6.71%	+29.32%

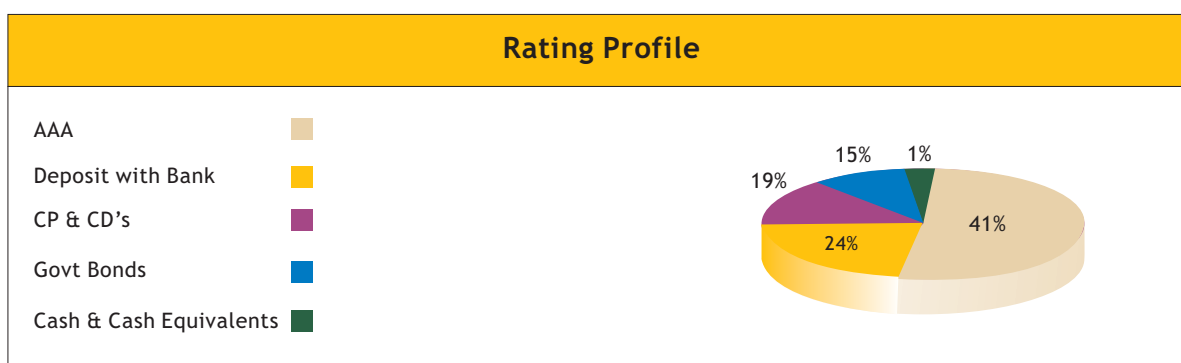
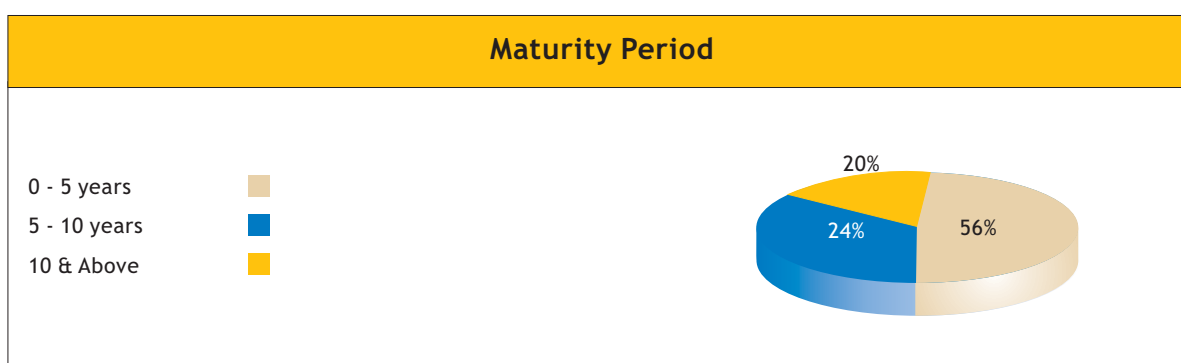
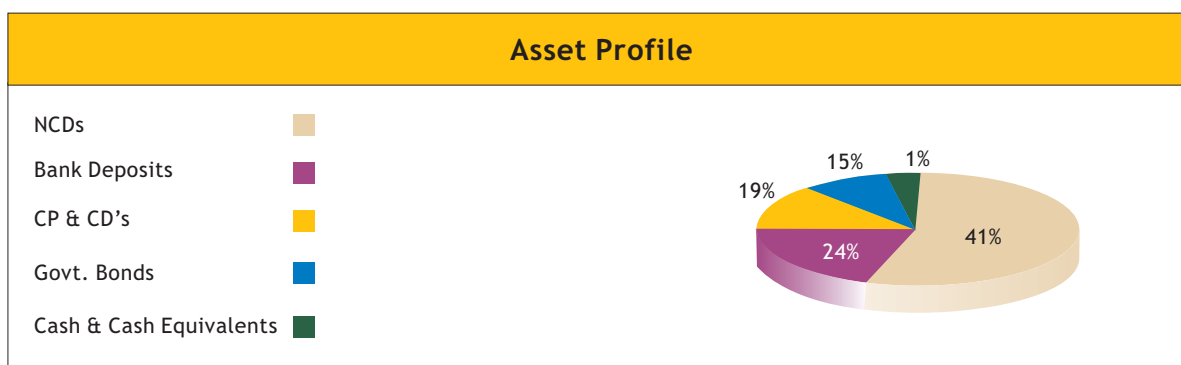
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Figures as of 30th November 2011

Pension Debt Fund

Fund Manager : Mr. Imran Sayed

Investment Objective : This fund aims at generating attractive investment income by taking interest rate views and investing in a diversified portfolio of government debt, corporate debt and money market instruments of varying maturities.



Returns

	6 months (ann)	1 Year (ann)	Since inception 19th January 2009 (ann)
Pension Debt Fund	+9.92%	+7.05%	+7.48%

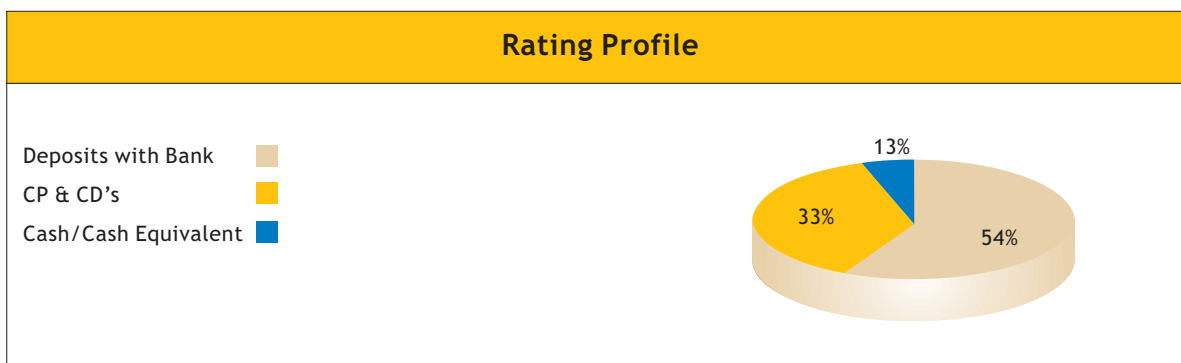
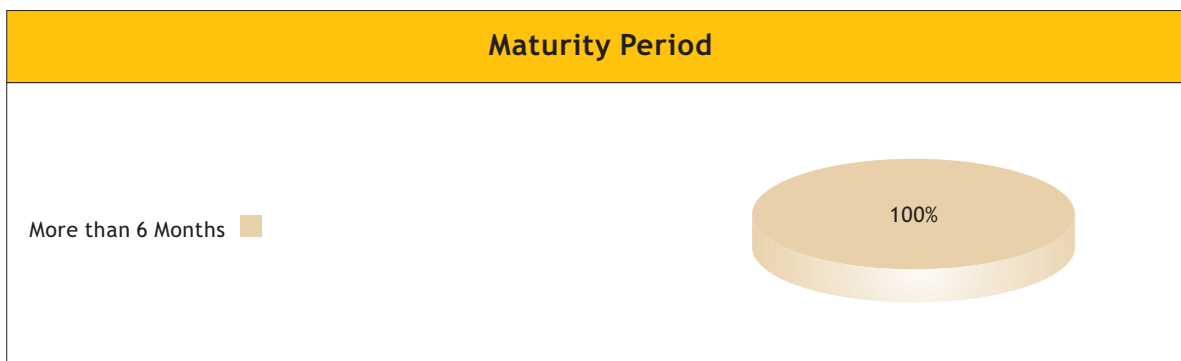
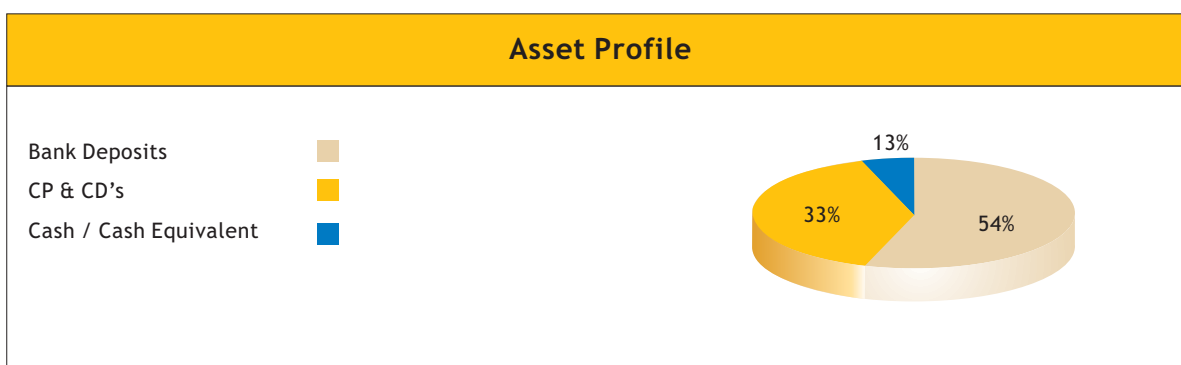
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Figures as of 30th November 2011

Pension Secure Fund

Fund Manager : Imran Sayed

Investment Objective : This fund aims at investing in a diversified portfolio of debt and money market instruments of short to medium term maturities. The main objective will be to generate investment income with very low volatility risk since asset durations would be reasonably small.



Returns

	6 months (ann)	1 Year (ann)	Since inception 20th January 2009 (ann)
Pension Secure Fund	+8.89%	+8.45%	+7.84%

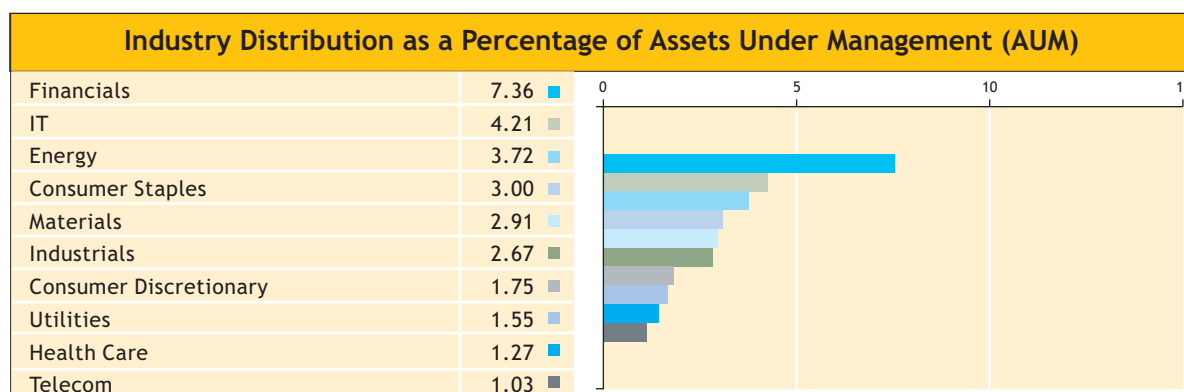
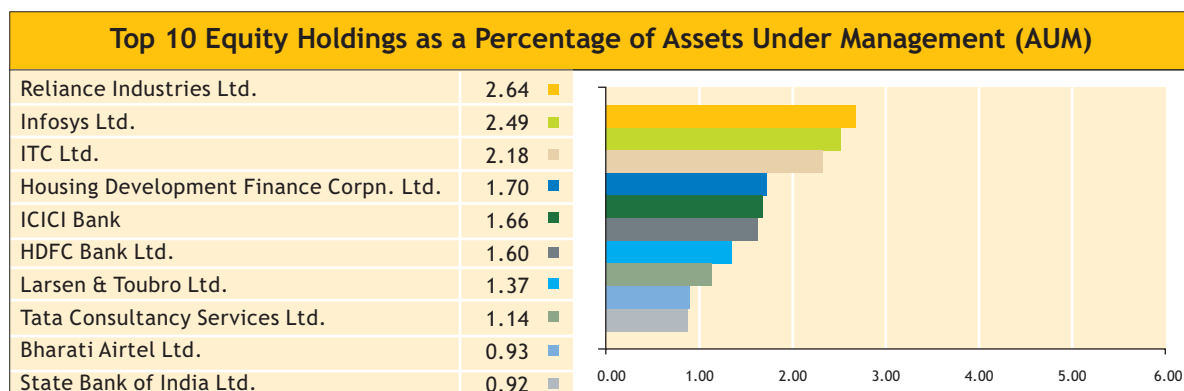
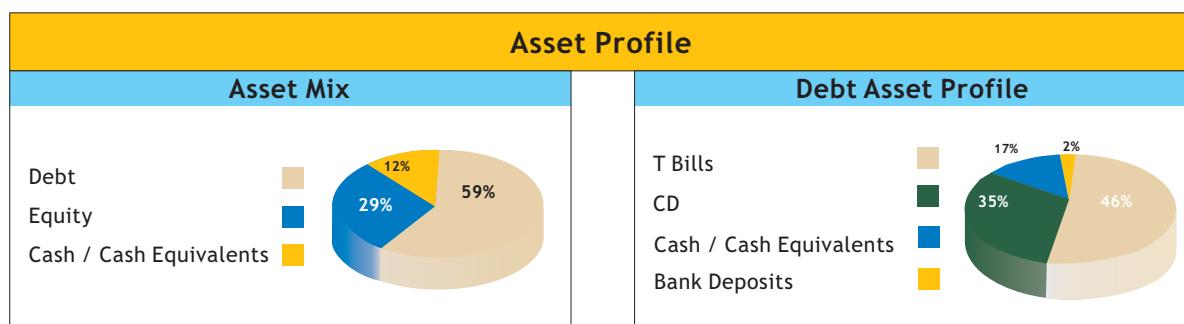
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Figures as of 30th November 2011

NAVPF Fund

Fund Manager : Mr. Imran Sayed

Investment Objective : This fund aims at restricting the fall in NAV at any point of time below 80% of the highest NAV recorded from the date of inception of this fund.



Current NAV as on 30th November, 2011 = Rs. 10.44 per unit.

80% of the highest NAV since inception (9th September, 2009) = 9.59 per unit

Returns

	6 months (abs)	1 Year (ann)	Since inception 8th September 2009 (abs)
NAVPF Fund	-5.32%	-8.19%	+4.40%

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Figures as of 30th November 2011

AEGON, an international life insurance, pension and investment company, Religare, a global financial services group and Bennett, Coleman & Company, India's largest media house, have come together to launch AEGON Religare Life Insurance Company Limited (ARLI). ARLI launched its pan-India operations in July, 2008 following a multi-channel distribution strategy with a vision to help people plan their life better. In an industry first, we offer policy servicing on the phone via Interactive Voice Response System (IVR).

About AEGON

As an international life insurance, pension and investment company, AEGON has businesses in over twenty markets in the Americas, Europe and Asia. With headquarters in The Hague, The Netherlands, AEGON companies employ approximately 28,000 people and serve over 40 million customers across the globe. AEGON has more than 160 years of experience with its roots going back to 1844 and holds 26% equity in our Company . www.aegon.com

About Religare

Religare Enterprises Limited (REL) is a global financial services group with a presence across Asia, Africa, Middle

East, Europe and the Americas. The group offers a wide array of products and services ranging from insurance, asset management, broking and lending solutions to investment banking and wealth management. With over 10,000 employees across multiple geographies, Religare serves over a million clients, including corporates and institutions, high net worth families and individuals, and retail investors. REL holds 44% equity in our Company. www.religare.in

About Bennett, Coleman & Company Limited

Bennett, Coleman & Company Limited (BCCL), part of the mammoth Times Group, is India's largest media house. It reaches out to 2,468 cities and towns all over India. BCCL owns some of the prominent entertainment brands such as Times of India, Economic Times, Times Now, Radio Mirchi, Zoom Femina and Indiatimes.com. BCCL holds 30% equity in our Company.



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