

FAQs on Reliance Natural Resources Fund

What is Reliance Natural Resources Fund?

Reliance Natural Resources Fund is an Open ended equity scheme.

The primary investment objective of the scheme is to seek to generate capital appreciation & provide long-term growth opportunities by investing in companies principally engaged in the discovery, development, production, or distribution of natural resources and the secondary objective is to generate consistent returns by investing in debt and money market securities.

In a nutshell what does the fund intend to do?

- ❑ The Fund invests principally in equity securities of issuers in natural resources industries.
- ❑ The Fund may invest in securities of issuers located anywhere in the world and normally will invest in securities of companies listed on The Bombay stock Exchange Limited (BSE), London stock Exchange Limited (LSE), New York Stock Exchange (NYSE), Toronto Stock Exchange (TSE) and Australian Stock Exchange (ASX).
- ❑ Companies in natural resources industries include companies that RCAM considers to be principally engaged in the discovery, development, production, or distribution of natural resources or are service providers to the Natural Resources Industry; the development of technologies for the production or efficient use of natural resources in addition also furnishing of related supplies or services.

Natural resources may include, for example, energy sources, precious and other metals, forest products, food and agriculture, and other basic commodities.

Companies in natural resources industries may include companies that:

- ❑ Participate in the discovery and the development of natural resources from new or conventional sources;
- ❑ Own or produce natural resources such as oil, natural gas, precious metals, and other commodities;
- ❑ Engage in the transportation, distribution, or processing of natural resources;
- ❑ contribute new technologies for the production or efficient use of natural resources, such as systems for energy conversion, conservation, and pollution control;
- ❑ Provide related services such as mining, drilling, rigging, chemicals, and related parts and equipment

A particular company will be considered to be principally engaged in natural resources industries if at the time of investment at least 50% of the company's assets, gross income, cash flow, or net profits is, committed to, or derived from, those industries. A company will also be considered to be principally engaged in natural resources industries if RCAM believes that the company has the

potential for capital appreciation primarily as a result of particular products, technology, patents, or other market advantages in natural resources industries..

In which foreign markets would the global investment be made?

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What will be the Asset allocation of Reliance Natural Resources Fund?

Under normal circumstances, the anticipated asset allocation would be:

Instruments	% of Corpus (indicative)#	Risk Profile
Equity and Equity related Securities of companies principally engaged in the discovery, development, production or distribution of natural resources in: - Domestic Companies - Foreign securities as permitted by SEBI/RBI from time to time	65% - 100% 65% - 100% 0% - 35%	Medium to High
Debt and Money market securities (including investments in securitised debt*)	0% - 35%	Low to Medium

including investments in ADRs/GDRs/Foreign Securities/Overseas ETFs and any other instruments as may be permitted by SEBI/RBI upto 35%of the net assets of the scheme, exposure in derivatives upto a maximum of 100% of the portfolio value.

* including securitised debt upto 35%

Under the current regulations, the fund managers will seek to invest more than 65% of net assets in equity shares of domestic companies and around 35% of its net assets in ADRs/GDRs/Foreign Securities/Overseas ETFs in order to avail of the prevailing tax benefit of long term capital gains. However, investments in ADRs/GDRs/Foreign Securities/Overseas ETFs could be lower than 35% of the net assets due to the limit set on investments in ADRs/GDRs/Foreign Securities/Overseas ETFs or could be in excess of 35% of its net assets subject to the maximum amount permitted by SEBI/RBI from time to time, in case of amendment in the tax laws. However, if the exposure to ADRs/GDRs/Foreign Securities/Overseas ETFs exceeds 35% of its net assets for the above reasons, the same shall be regarded as a change in fundamental attributes.

Is it a sector specific fund or diversified equity fund?

Reliance Natural Resources Fund is an open ended equity scheme.

Will the Scheme invest in commodities?

No. The **Scheme** will be investing in Equity and Equity related Securities of companies principally engaged in the discovery, development, production or distribution of natural resources. The investment will be made in domestic companies, foreign securities as permitted by SEBI/RBI from time to time and in debt and money market securities including securitized debt.

What will be the benchmark of Reliance Natural Resources Fund?

A custom benchmark created using the BSE-200 to the extent of 65% of portfolio and MSCI World Energy Index for balance 35% of portfolio.

Since the MSCI World Energy Index will be US Dollar denominated, the conversion into Indian Rupees will happen based on the settlement price of the MSCI World Energy Index as on the last working day prior to the valuation date using the RBI reference rate as of 4.00.p.m on the valuation date.

What will be the tax treatment for investors in this Scheme?

This is an equity scheme and will qualify for all tax benefits that any normal equity fund enjoys.

Capital Gains	Long Term Capital Gains (LTCG)	Short Term Capital Gain (STCG)
Applicability	If the investments are made for a period of more than 12 months	If the investments are made for a period of less than or equal to 12 months
Applicable Tax Rate	NIL	10%+surcharge+cess*

*surcharge: 10%, cess: 3%

WHY should one invest in an Equity Scheme offered by Reliance Mutual Fund?

- Experienced Fund Management Team
- Research Capabilities and robust Risk Management System
- Expertise Equities fund management for over a decade
- Range of equity funds on offer with a variety of Sectoral funds and Diversified funds

What is the investment philosophy of Reliance Mutual Fund Schemes?

- Following combination of Bottom up and Top down approach in stock selection
- Focus on proper asset allocation with well diversified portfolio in terms of the provisions of the offer document of the respective scheme.
- Portfolio management through
 - o Disciplined approach to selling
 - o Using debt as an effective tool
 - o Systematic use of Derivatives

Why invest in Reliance Natural Resources Fund?

- Scheme from Reliance Mutual Fund - India's No 1 Mutual Fund with AUM of Rs 80,779.83 as on Dec 31 ,2007 Crs (Source: www.amfiindia.com)
- An innovative product to compliment current portfolio of funds
- Huge growth opportunity
- Valuations attractive compared to potential growth
- Diversified across resources – not a commodity play
- Will invest in future growth areas - Agriculture, renewable resources, water, etc
- Stocks do better than resources themselves

What is the minimum application amount?

For Resident and Non Resident Investors the minimum application amount is Rs 5000/- per plan per option and in multiples of Re. 1 thereafter

What is the minimum additional investment amount?

Rs 1000 per plan per option and in the multiple of Re.1 thereafter

Is there any facility of SIP during the New Fund Offer (NFO)?

Yes, SIP is available during the NFO & subsequently as well.

Monthly SIP:

- Minimum 60 installments of Rs. 100/- per month and in multiples of Re. 1 thereafter or,
- Minimum 12 installments of Rs. 500/- per month and in multiples of Re. 1 thereafter or,
- Minimum 6 installments of Rs. 1000/- per month and in multiples of Re. 1 thereafter

Quarterly SIP

- Minimum 12 installments of Rs. 500/- per quarter and in multiples of Re. 1 thereafter or,
- Minimum 4 installments of Rs. 1500/- per quarter and in multiples of Re. 1 thereafter

During NFO, the SIPs will be accepted only through ECS Auto Debit or Direct Electronic Debit to the investor's bank account.

What are the applicable loads during and after the NFO?

Load Structure (During the New Fund Offer and continuous offer including SIP installments)

Entry Load

- For subscription below Rs. 2 Crs - 2.25%
- For subscription of Rs 2 Crs & above and below Rs 5 Crs - 1.25%
- For subscription of Rs 5 Crs and above- Nil

Exit Load: Nil

What are the plans available under the scheme?

There are 2 plans namely Growth Plan & Dividend Plan with the options as specified below

- Growth Plan: Growth Option & Bonus Option
- Dividend Plan: Dividend Payout Option & Dividend Reinvestment Option

Sponsor: Reliance Capital Limited. **Trustee:** Reliance Capital Trustee Co. Limited. **Investment Manager:** Reliance Capital Asset Management Limited. **Statutory Details:** The Sponsor, the Trustee and the Investment Manager are incorporated under the Companies Act 1956.

Reliance Natural Resources Fund: An Open-ended Equity Scheme

Scheme Specific Risk Factors: Portfolio Turnover: Given the nature of the scheme, the portfolio turnover ratio may be very high and the AMC may change the portfolio according to the asset allocation commensurate with the investment objective of the scheme. The effect of high portfolio turnover could be higher brokerage and transaction costs. Due to these factors the NAV of scheme might be impacted. **Terms of Issue:** The Units are available at Rs. 10/- per unit plus applicable load during the New Fund Offer Period and thereafter at applicable NAV based prices. The AMC will calculate and disclose the first NAV not later than 30 days from the closure of the New Fund Offer Period. Subsequently, the NAV will be calculated and disclosed at the close of every working day which shall be published in at least in two daily newspapers and also uploaded on AMFI site i.e. www.amfiindia.com and Reliance Mutual Fund website i.e. www.reliancemutual.com.

General Risk Factors: Mutual Funds and securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the Scheme will be achieved. As with any investment in securities, the NAV of the Units issued under the Scheme can go up or down depending on the factors and forces affecting the capital markets. Past performance of the Sponsor/AMC/Mutual Fund is not indicative of the future performance of the Scheme. Reliance Natural Resources Fund is only the name of the Scheme and does not in any manner indicate either the quality of the Scheme; its future prospects or returns. The Sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond their initial contribution of Rs.1 lakh towards the setting up of the Mutual Fund and such other accretions and additions to the corpus. The Mutual Fund is not guaranteeing or assuring any dividend/bonus. The Mutual Fund is also not assuring that it will make periodical dividend/bonus distributions, though it has every intention of doing so. All dividend/bonus distributions are subject to the availability of the distributable surplus in the Scheme. For details of scheme features apart from those mentioned above and scheme specific risk factors, please refer to the provisions of the offer document. Offer Document and KIM cum application form is available at all the DISCs/ Distributors of RMF/www.reliancemutual.com. **Please read the offer document carefully before investing.**

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