



**Reliance Banking Fund**  
**An Open Ended Banking Sector Scheme**

**Index**

**Positioning of the Fund.....**

**Investment Philosophy.....**

**Risk Profile.....**

**Dividend History.....**

**Sector View & Outlook.....**

**Portfolio & Scheme Features.....**

## Positioning of the Fund

*The fund aims to generate consistent returns by investing in equity/ equity related or fixed income securities of companies belonging to the Banking sector.*

## Investment Philosophy

The fund follows an active strategy of management with endeavor to generate alpha and outperform the Banking Index.

## Risk Profile

*A Moderate Multi cap Oriented Fund*

## Dividend History

### Dividend History

Dividend History			
Date	Rate (Re/ Unit)	Cum Dividend NAV	*EX Dividend NAV
25/11/2003	1.00	13.32	12.31
28/03/2005	3.00	23.26	19.94
29/12/2005	4.00	25.05	21.35
30/03/2006	5.00	21.16	16.32
21/02/2007	2.00	19.57	17.24
05/11/2007	2.00	27.85	25.85
28/08/2009	2.00	27.26	25.26
25/02/2011	2.50	38.92	36.79

**Past performance may or may not be sustained in future; Pursuant to the payment of Dividend, the NAV will fall to the extent of payout and statutory levy, if any"** Dividend distribution is subject to availability & adequacy of distributable surplus. The Mutual Fund is not assuring that it will make periodical dividend distributions, though it has every intention of doing so. After the payment of dividend, the per unit NAV falls to the extent of the dividend payout and distribution taxes, if any. Performance of dividend plan/option would be net of applicable statutory levy , if any. \* NAV on the 1st transaction day after Record Date, which includes the mark to market impact also. **Face Value of Rs.10**

## Sector View & Outlook

Since the global downturn in 2008 the strength of the Indian banking system has come to the fore. Globally, banking system is trending more towards simple banking, government governance and reasonable leverage; all these traits have always been present and was further strengthened in the Indian Banking system. As a result, the Indian banking system came out unscathed out of the global turmoil.

India being a consumption driven story, the growth drivers are very solid and stable, key reason for the economy to rebound far more and far faster than the developed economies. The growth in automobile

and commercial vehicle sales numbers, consumer durable sale numbers, recovery in real estate market, etc are some of the indicators that bear testimony to the above fact.

Given our strong foundation of the economic recovery, India was one of the first few countries that started reversing the easy monetary stance to curb rising inflation. High inflation environment has not been alien to India growth story historically, and so are high interest rates. Further, there is a focus on reducing fiscal deficit going forward through prudence government expense management.

All this means the following for the economy and the banking system over the long run:

- ❑ Reducing fiscal deficit – this augurs well for the banking system and for the economy as the bond yields would ease benefiting the banks
- ❑ Infrastructure development – this would ensure that credit growth in the system will remain robust over the next decade
- ❑ Consumption story – this would continue to grow parallel to the other growth engines of the economy, providing impetus to the credit growth.

A peculiar and differentiating feature of the Indian banking system is that it is by far the largest funding source for Infrastructure & other capital expenditure by Corporate India and government deficit financing, which makes banking sector very crucial enabler and beneficiary of economy growth. Thus, financial services remain one of the fore front sectors to benefit out of the next big growth phase of India.

## Outlook

We have been in a high inflation and a rising interest rate environment for long, we believe that over the near term interest rates would peak. Despite the exaggerated tightening we are seeing, we still expect robust credit growth over 16%-17% without any profitability pressures significant hit to the profitability of the banks. Further, as inflation comes under control, banking sector would again start outperforming.

Given the healthy correction in prices, the worse outlook being priced in, the sector has potential to outperform with inflation and interest rates peaking and subsequently by revival of the capital expenditure cycle.

Over a longer term, we expect the following to happen:

- ❑ GDP might slow down a bit but would still continue to grow consistently at 7.5% plus, still making India as one of the fastest growing economies in the world.
- ❑ Credit growth to remain robust at ~16-20% over the next few years, at the back of pick-up in infrastructure spending and consumption demand.
- ❑ Implementation of base rate would ensure less volatility in Net Interest Margins, which is a structural positive for valuations of the banking sector.

- Given the economic recovery, pressure on asset quality would ease and asset recovery cycle would support banks profitability.

All of the above augurs well for the Indian banking system which would make the sector a preferred play on markets over the longer term.

Common Source: Bloomberg, CMIE, RBI

### Portfolio & Scheme Features As on 30<sup>th</sup> November, 2011

<b>Asset Allocation as on 30<sup>th</sup> Nov, 2011</b>	
Equities	89.38%
Debt, IDR, Cash & Other Receivables	10.62 %
<b>Benchmark</b>	S&P CNX Bank Index
<b>Fund Manager</b>	Sunil Singhanian
<b>Assistant Fund Manager (w.e.f. 1<sup>st</sup> Sept, 2010)</b>	Shrey Loonker
<b>Quarterly AAUM as on 30<sup>th</sup> September, 2011</b>	Rs 1707 Crs

<b>Change in Portfolio (Top Ten Holdings) of Reliance Banking Fund</b>		
<b>Top Ten Holdings</b>		
<b>Holdings</b>	<b>Weightage %</b>	
	<b>Nov-11</b>	<b>Oct-11</b>
<b>Equities-</b>		
ICICI Bank Ltd	14.98	15.22
State Bank of India	12.80	12.02
Bank of Baroda	7.49	7.33
Canara Bank	6.52	6.28
Bajaj Finance Ltd	6.29	6.07
HDFC Bank Ltd	5.84	6.37
Federal Bank Ltd	5.51	5.05
Oriental Bank of Commerce	4.31	4.15
Corporation Bank	3.96	4.58
Axis Bank Ltd	3.86	3.88

<b>Investment Objective</b>	The primary investment objective of the scheme is to generate continuous returns by actively investing in equity and equity-related or fixed-income securities of companies in the Banking Sector
<b>Inception Date</b>	28 <sup>th</sup> May 2003
<b>Minimum Investment</b>	Retail Plan : Rs. 5000 per plan per option & in multiples of Re 1 thereafter Institutional Plan : Rs. 5 Cr per plan per option & in multiples of Re.1 thereafter
<b>Load Structure</b>	Entry Load* : Not Applicable
	Exit Load: (w.e.f from 24th Aug 2009)
	Retail & Institutional Plan
	1% if redeemed or switched out on or before completion of 1 year from the date of allotment of units
	Nil if redeemed or switched out after completion of 1 year from the date of allotment of units
	*In terms of SEBI circular no. SEBI/IMD/CIR No.4/ 168230/09 dated June 30, 2009, no entry load will be charged by the Scheme to the investor effective August 1, 2009. Upfront commission shall be paid directly by the investor to the AMFI registered Distributors based on the investors' assessment of various factors including the service rendered by the distributor

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**Statutory Details:** Reliance Mutual Fund has been constituted as a trust in accordance with the provisions of the Indian Trusts Act, 1882. **Sponsor:** Reliance Capital Limited. **Trustee:** Reliance Capital Trustee Co. Limited. **Investment Manager:** Reliance Capital Asset Management Limited (Registered Office of Trustee & Investment Manager: 'H' Block, 1st Floor, Dhirubhai Ambani Knowledge City, Koparkhairne, Navi Mumbai - 400 710, Maharashtra. . The Sponsor, the Trustee and the Investment Manager are incorporated under the Companies Act 1956. 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.



Mutual Fund

**Investment Objective: Reliance Banking Fund (An Open-ended Banking Sector Scheme):** The primary investment objective of the scheme is to generate continuous returns by actively investing in equity and equity related or fixed income securities of Banking Sector.

**Terms of Issue:** The NAV of the Scheme will be calculated and declared on every Working Day. The scheme provides sale / switch - in & repurchase /switch - out facility on all Business Days at NAV based prices.

**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. Reliance Banking Fund is only the name of the Scheme and does not in any manner indicate either the quality of the respective Schemes or their future prospects or returns.** Past performance of the Sponsor/AMC/Mutual Fund is not indicative of the future performance of the Scheme. The Mutual Fund is not guaranteeing or assuring any dividend. The Mutual Fund is also not assuring that it will make periodical dividend distributions, though it has every intention of doing so. All dividend 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 Scheme Information Document. Scheme Information Document and KIM cum application form is available at all the DISCs/ Distributors of RMF/[www.reliancemutual.com](http://www.reliancemutual.com). **Please read the Scheme Information Document & Statement of Additional Information carefully before investing.**