



Mutual Fund

## Reliance Pharma Fund An Open Ended Pharma Sector Scheme

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## Positioning of the Fund

*A dynamic asset allocation sector fund which aims to generate consistent returns by investing in all important segments of the pharmaceutical industry.*

## Investment Philosophy

*Low capital intensive sector that is least impacted by market volatility with good growth visibility and decent cash flows*

- ❑ Combination of large cap and mid cap companies to provide rapid growth along with some steady performers.
- ❑ Investments are spread across all the important segments of the industry - Domestic Business, International and CRAMS and includes deep value as well as high growth pharma businesses.
- ❑ High allocation of 95% to stocks as the outlook for the sector is good over the medium term. The recommended investment horizon is around 2-3 yrs.
- ❑ Given relative certainty of growth in earnings, the sector is likely to benefit from change in investor sentiment in its favor.

## Risk Profile

*A Moderate Multi cap Oriented Fund*

## Dividend History

### Dividend History

Dividend History				
Date	Rate (Re/ Unit)	% (per unit)	Cum Dividend NAV	*EX Dividend NAV
19/12/2005	1.00	10.00	16.8681	15.8674
21/02/2007	1.50	15.00	19.1030	17.5537
19/03/2008	1.50	15.00	17.5487	15.9285
28/08/2009	1.50	15.00	25.4824	23.9825
25/02/2011	2.50	25.00	37.4619	34.8498

**Past performance may or may not be sustained in the 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

### Industry Facts & Structure

- ❑ Domestic industry is 4<sup>th</sup> largest by volumes & 12<sup>th</sup> largest by value globally.
- ❑ Indian Pharma exports are more global than any industry from India, even more geographically present than IT services.
  - Indian Pharma sells in over 100 countries and is ahead of competition in terms of price and quality.
- ❑ India has 15% of world population and only 2% of world pharma consumption by value, hence the scope for growth is huge.

Source: IMS Data, Pfizer Inc, RMF Estimates

### Indian Pharma Market – Years of Growth Ahead

- ❑ There are 3 major platforms of growth

USD BN	2010	2015E	CAGR
Domestic Market	10	21.0	16%
Exports	10	21.5	17%
CRAMS	1.3	5.5	33%
<b>Total</b>	<b>21.3</b>	<b>48.0</b>	<b>18%</b>

Source: Crisil Research

- ❑ Business models established & fast growing
- ❑ Domestic and Exports are well established models
- ❑ CRAMS are at take off stage

### Global Pharma – Growth Shifting to Emerging Markets

- ❑ Developed markets (USA, W Europe & Japan to grow in low single digits
- ❑ Key Developing markets to grow by 14-15% (China, India, Russia, Brazil, Mexico, Turkey, South Korea)
- ❑ Major global pharma companies are now ramping up operations in emerging markets including India
- ❑ Indian domestic pharma market likely to be USD 51-70bn by 2030

## Sector Outlook

- ❑ The Indian Pharma sector has been on a strong growth trajectory which is expected to continue in near future. The new proposed pharma policy (NPPP 2011) is a slight negative in the near term however, if implemented this policy may be beneficial for the industry over longer term.
- ❑ Many of the provisions are highly favorable to the industry as many of the drugs which are currently under price control would be given permission to hike prices, moreover the policy overhang on the sector would be removed
- ❑ The growth rate assumptions for the industry have remained by and large unchanged; Pharma industry may grow by 13-15% over next few years.
- ❑ Drug affordability in India remains high due to high per capital income; this is coupled with very low penetration of western drugs which is set to improve as pharma companies including MNC's penetrate deeper in to the market.
- ❑ New growth levers like rural penetration, outsourcing & R&D etc would provide additional avenues for growth.

Source: Crisil Research

## Portfolio & Scheme Features As on 31<sup>st</sup> December,2011

Asset Allocation as on 31 <sup>st</sup> Dec, 2011	
Equities	98.47 %
Debt, Cash & Other Receivables	1.53 %
<b>Benchmark</b>	BSE Health – Care Index
<b>Fund Manager</b>	Sailesh Raj Bhan
<b>Quarterly AAUM as on 31<sup>st</sup> Dec, 2011</b>	Rs 573 Crs

Change in Portfolio of Reliance Pharma Fund		
Top Ten Holdings		
Holdings	Weightage %	
	Dec-11	Nov-11
Equities-		
Divis Laboratories Ltd	11.40	10.57
Aventis Pharma Ltd	9.20	8.89
Ranbaxy Laboratories Ltd	8.91	7.67
Cipla Ltd	7.07	8.98
Sun Pharmaceutical Industries Ltd	6.85	8.12
AstraZeneca Pharma India Ltd	5.44	5.29
Indoco Remedies Ltd	5.10	4.26
Abbott India Ltd	5.08	4.91
Glaxosmithkline Pharmaceuticals Ltd	5.00	4.71
Dr. Reddy'S Laboratories Ltd	4.92	5.57

<b>Investment Objective</b>	The primary investment objective of the scheme is to seek to generate consistent returns by investing in equity and equity related or fixed income securities of Pharma and other associated companies.
<b>Inception Date</b>	8 <sup>th</sup> June 2004
<b>Minimum Investment</b>	Rs. 5000 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)
	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 Company 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.

**Investment Objective:** The primary investment objective of the scheme is to seek to generate consistent returns by investing in equity and equity related or fixed income securities of Pharma and other associated companies. **Asset Allocation:** Equity and Equity related Instruments: 100 to 0%, Debt Instruments & Money Market Instruments with an average maturity of 5-10 years: 100 to 0%. **Terms of Issue:** The Scheme will offer for Subscription/ Switch-in and Redemption / Switch-out of Units on every Business Day on an ongoing basis.

**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 Pharma 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.** 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.**