Reliance Mutual Fund
Anil Dhirubhai Ambani Group

Reliance Mutual Fund Presents

Systematic Investment Plan

Oct-2010

A Reliance Capital company

Did you know ?

If your current monthly expenses are Rs. 30,000/- p.m., after 20 years you will require Rs. 80,000/- p.m. to maintain the same life style

Assuming inflation rate of 5%

Did you know ?

An education degree for your child which currently costs Rs. 10 lakh will cost Rs. 21 lakh after 15 years.

Assuming inflation rate of 5%

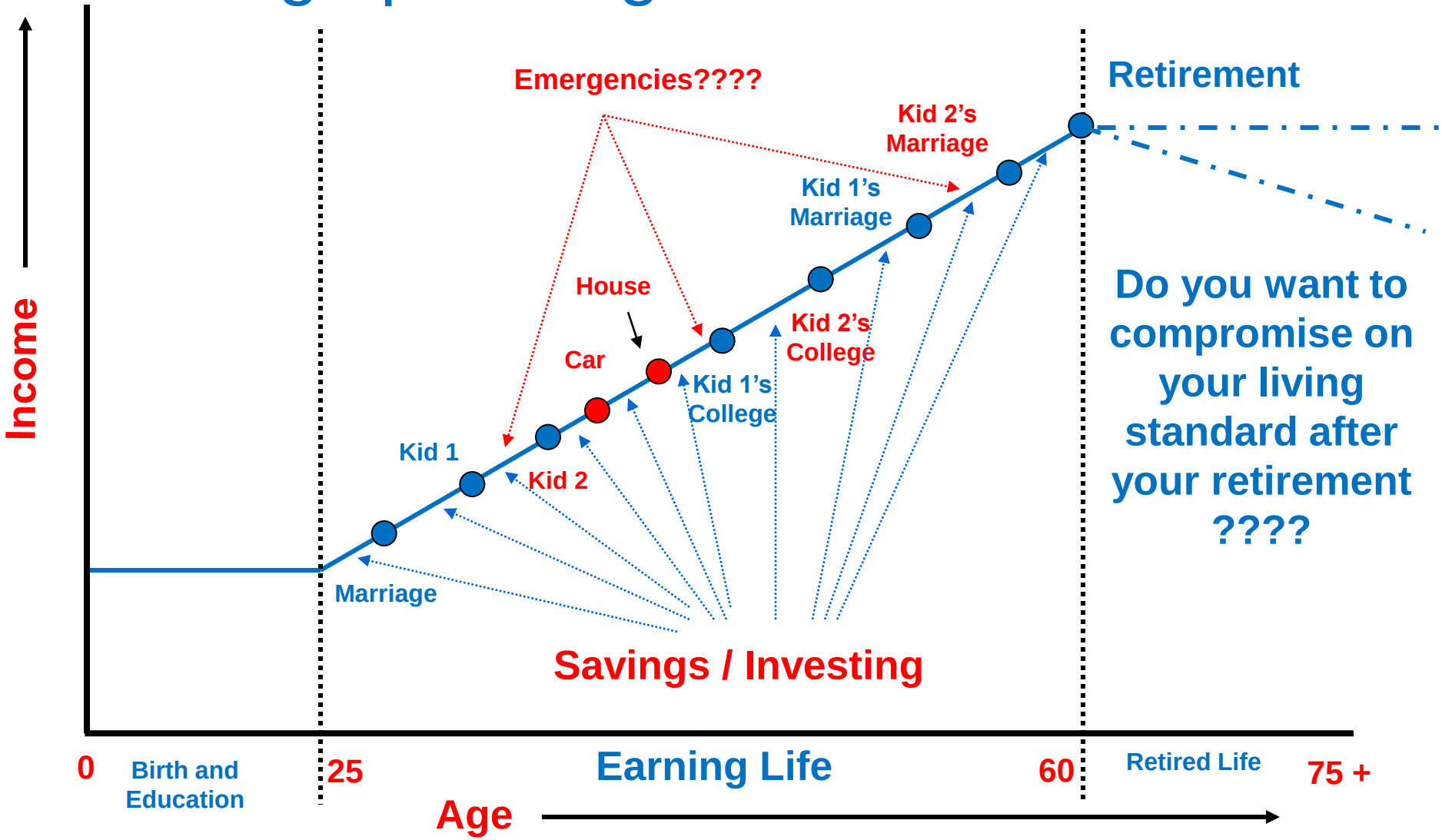
Individual Investor needs: Investment Goals

All individuals need to save for

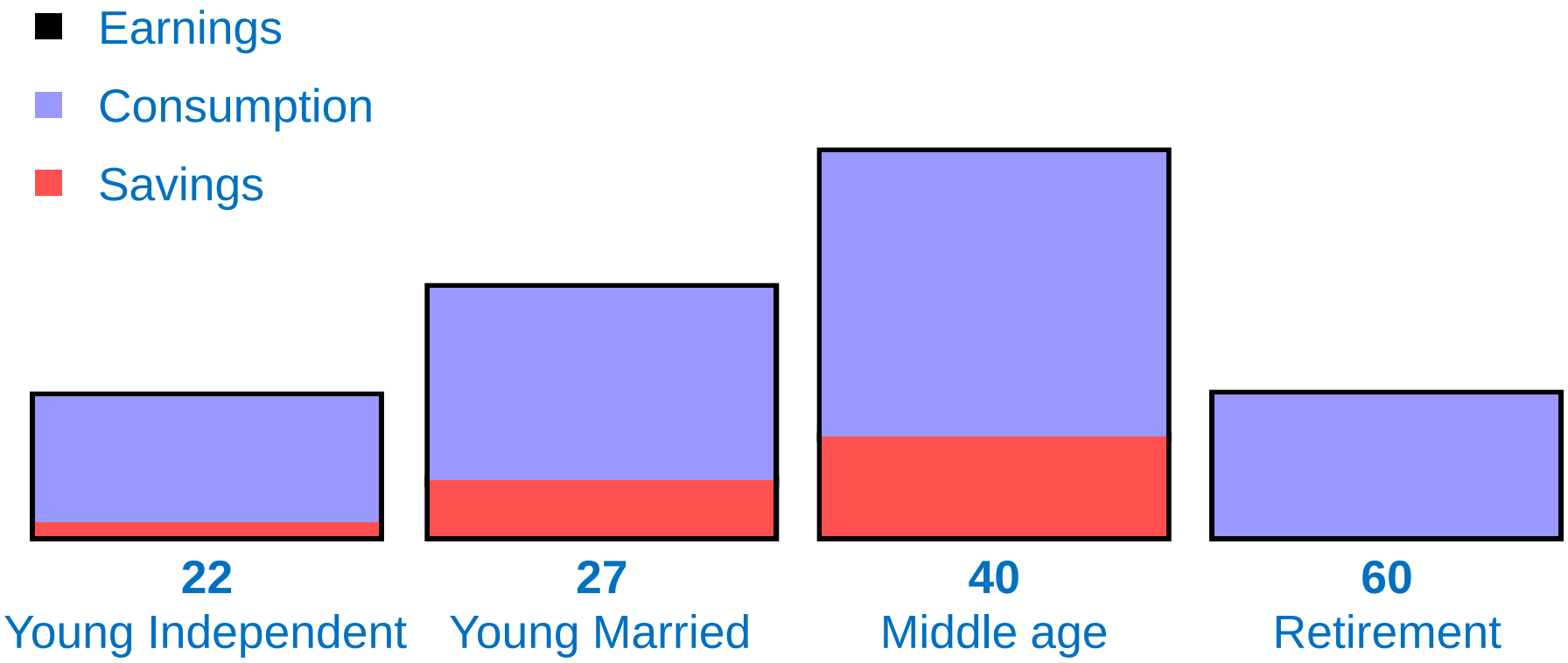
- Retirement
- Child's education / Marriage
- Medical emergency
- Other family obligations

Every individual has one or more of the above goals during some part of their Life Stages

Life stage planning



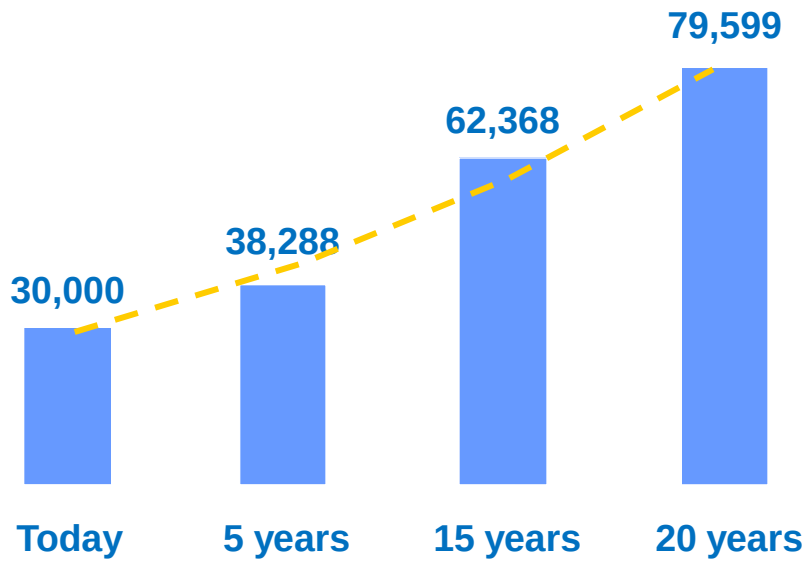
Individual Investor: Life Stages



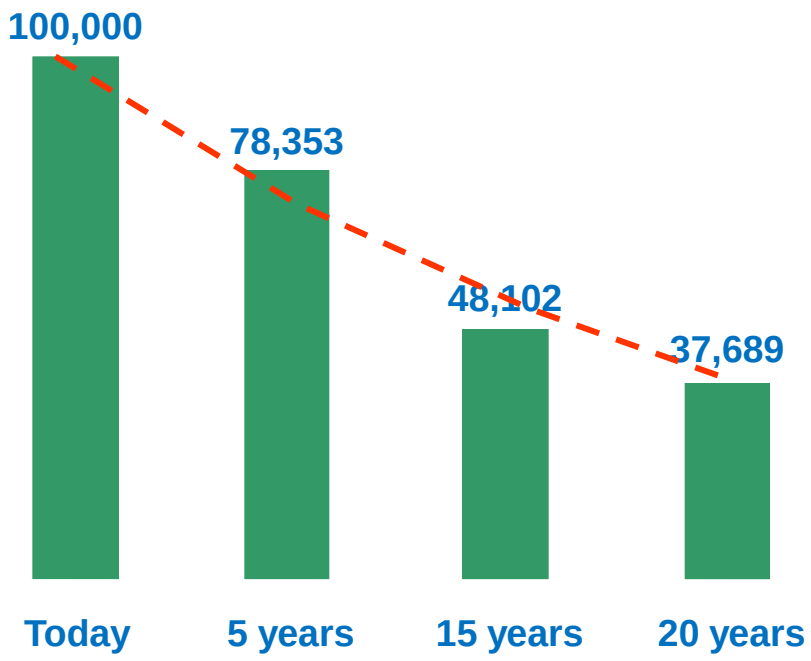
All individuals have a finite period to save for their investment goals

Value of Money over time

Impact of inflation on monthly expenses of Rs. 30,000 today



Value of Rs. 100,000 over time

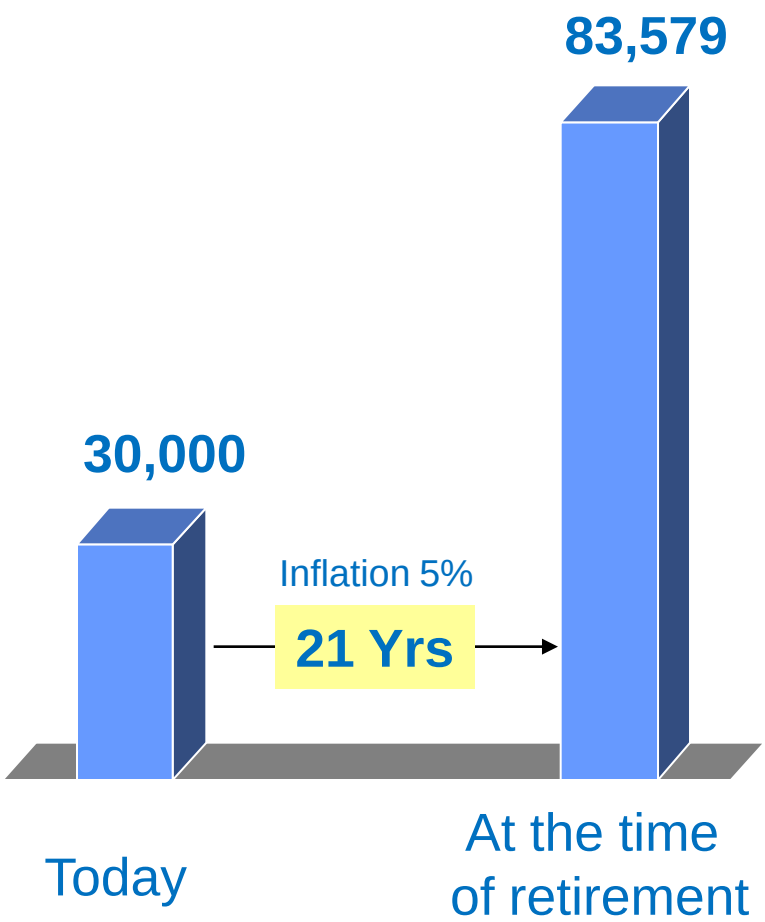


At inflation of 5%

As investors we need to beat Inflation

Retirement Planning

Monthly Household Expenses



Retirement corpus required
to meet post retirement expenses.
(if invested at 7%)

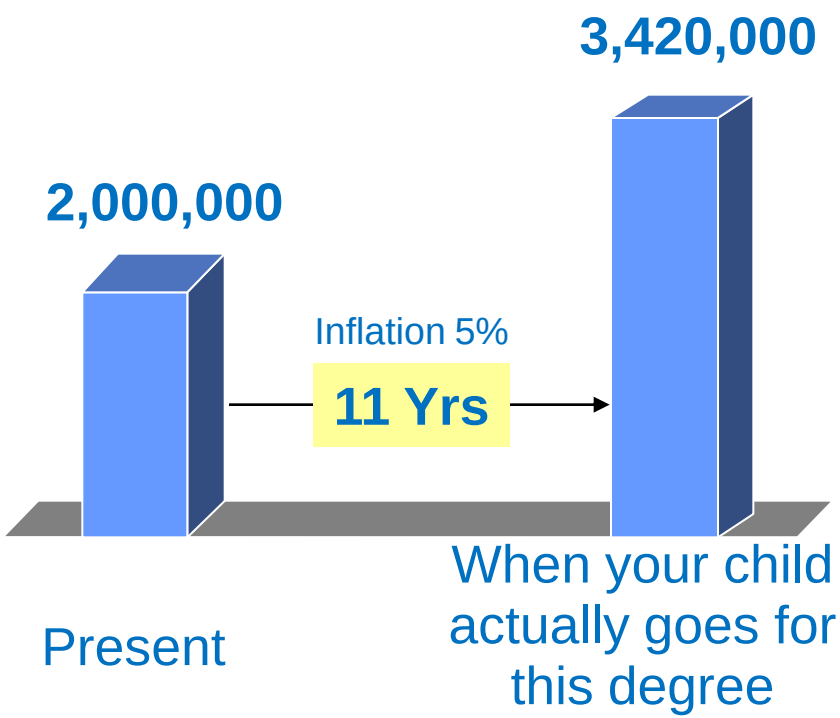
1.4 Crores

Monthly investment needed
to meet post retirement expenses

at 12%	12,583
at 15%	8,083
at 18%	5,090

Child's Education

Educational Degree



Monthly investment needed to achieve this goal	
at 12%	12,456
at 15%	10,166
at 18%	8,237

So what should I do?

An Ideal investment should

- **Beat Inflation**
- **Fund my future needs**
- **Meet contingencies**
- **Maintain same standard of living after my retirement**

But I do save… (or Do I Save?)

Money in Savings Account	+	100,000
Interest earned in 1 year (@3.5%pa)	+	3,500
		1,03,500
Tax on Interest (@30.9%)	-	1,081
Impact of Inflation (@5% pa)	-	5,000
Value at the end of year 1		**97,418**

Our Perceptions…

Mutual Fund perceived as

- x Meant for Corporates and HNWs/HNIs
- x Short term in nature
- x Investment in Equity
- x Risky in nature
- x Too Complicated
- x Don’t know how to invest into one
- x Markets are not right to start

Whereas creating wealth through Mutual Fund..

- ✓ Is not a function of income
- ✓ Is not a function of investment expertise
- ✓ Is really a matter of Regular Savings

So what's your KEY to success?

Its not the timing but the time in the market which matters

Start Early

Invest Regularly

Invest Long-Term

Start Early : Cost of Delay

	Seeta	Geeta
Starts investing at the age (in years)	28	38
Monthly savings (in rupees)	5000	5000
Returns Expected from Bank Fixed Deposit	8%	8%
Both invest till the age of (in years)	58	58
Total investment (in rupees)	1800000	1200000
Wealth accumulated (in rupees Lakhs)	74.52	29.45

Geeta wants to catch up with Seeta.

She has two choices

- Either earn on his investment @17%

OR

- Save monthly Rs.12651

Difficult….. Isn't it ??

Invest Systematically (regularly)

Benefit of Rupee Cost Averaging Illustration :-

Say you have opted for Reliance Systematic Investment Plan, investing Rs. 1000 every month from July 2009 to Oct 2010 in a diversified equity fund. Now check the average purchase cost per unit of your investments. It would be lower than the average NAV of your investment over 12 months.

Date	NAV	Units	Cashflow
10-Jul-09	307.21	3.26	1000
10-Aug-09	343.02	2.92	1000
10-Sep-09	375.56	2.66	1000
12-Oct-09	392.46	2.55	1000
10-Nov-09	392.7611	2.55	1000
10-Dec-09	416.4773	2.40	1000
11-Jan-10	439.7852	2.27	1000
10-Feb-10	412.2077	2.43	1000
10-Mar-10	432.8179	2.31	1000
12-Apr-10	451.9638	2.21	1000
10-May-10	448.3055	2.23	1000
10-Jun-10	445.3015	2.25	1000
12-Jul-10	466.1006	2.15	1000
10-Aug-10	478.8933	2.09	1000
13-Sep-10	512.1187	1.95	1000
11-Oct-10	528.1867	1.89	1000
Total	6843.17	38.11	16000

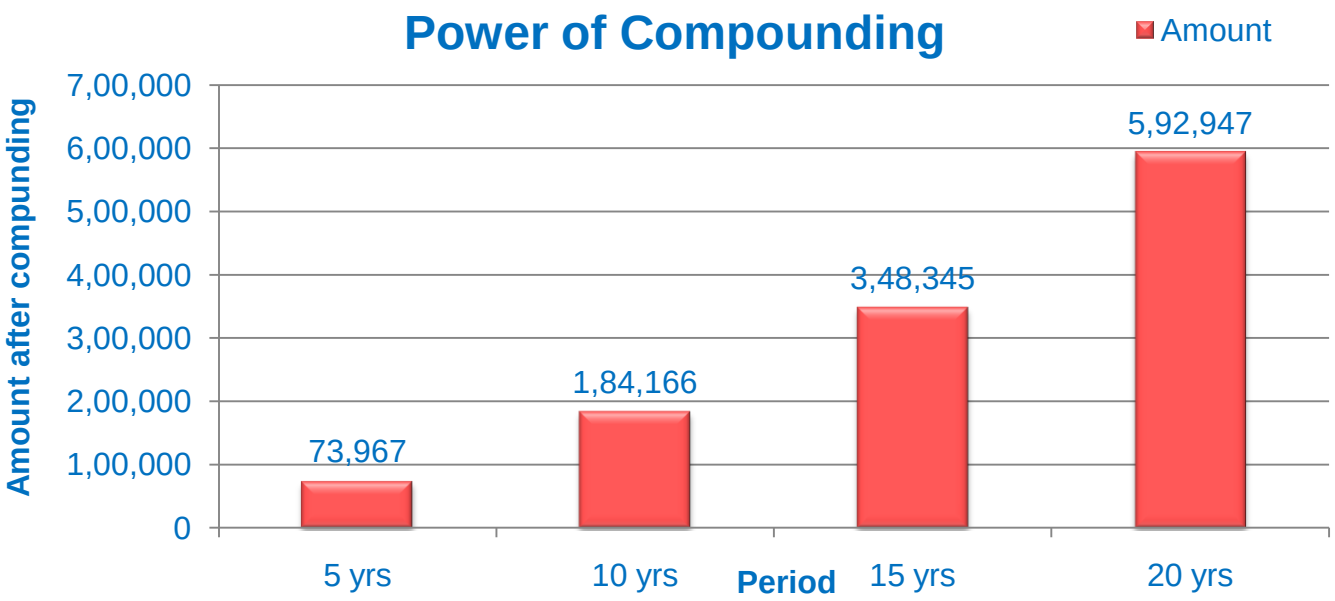
Average Cost= Total Cash Outflow/Total Number of units= Rs.16000/38.11= **Rs.419.8712**
Average Price= Sum of all NAVs at which invested/Number of months of investment=Rs.6843.17/16= **Rs.427.69**

Average Cost < Average Price

Note: The above table considers the actual NAV of Reliance Growth Fund to explain the concept of Rupee Cost Averaging. The NAVs do not in any manner indicate the future NAVs of the any of the schemes of Reliance Mutual Fund.

Invest Long term…

Money grows over a period of time…
Rs 1000 invested at 8% p.a. compounded return instrument every month for…



This is an hypothetical illustration taking example of a recurring deposit to explain the concept of "Power of Compounding".

… just like a rolling snowball gathers snow & grows.

Assuming investment made in a recurring deposit with a return of 8% p.a.

Power of Compounding - Learnings

3 brothers invest the same amount in a fixed deposit instrument with 8% p.a. compounded returns.
Since they start at varying ages they have varying maturity terms

Name	Start Age	Maturity Age	Invested Amount	Maturity value
Amar	25	58	100,000	1267605
Shyam	27	58	100,000	1086767
Rajesh	30	58	100,000	862711

Rajesh makes a return of 4,04,894 less than Amar.
Hence just a difference of 5 years results in him making 47% less returns than his younger brother.

Learning :- Time for which one is invested "matters"

Power of Compounding - Learnings

3 brothers starting at varying ages plan to achieve the same amount of money at their respective retirements by investing in 8%p.a. compounded recurring investment plans offered by the banks and other institutions

Name	Start Age	Maturity Age	Monthly Invested Amount	Maturity value
Amar	25	58	10,343	2,00,00,000
Shyam	27	58	12,296	2,00,00,000
Rajesh	30	58	16,018	2,00,00,000

Hence to achieve the same outcome Rajesh will have to make an investment of Rs.5,675 per month higher than his youngest brother Amar.
Effectively speaking a small difference of 5 years results in Rajesh having to incur an additional investment of 55% higher than his younger brother Amar to reach the same objective.

Learning :- Cost to achieve the desired result increases with reduction in time for which the investment is made

Power of Compounding - Learnings

- We always need to monitor our investments regularly & aim at the best possible returns at the given level of risk.
- Rs.100/- invested in bank deposit instruments of different returns p.a. (compounded) is shown below

	Interest			
Year	4%	6%	8%	10%
1	104	106	108	110
5	122	134	147	161
10	148	179	216	259
15	180	240	317	418
25	267	429	685	1083

Hence the returns we generate on our investments makes a major impact on the accumulated amount.
Return of Rs.100/- over 25 years would vary between Rs. 267/- to Rs. 1,043/- if the annualized returns vary within 4 – 10%.

Learning :- Small rate differential has a BIG impact over time

Make the right choice….

- Simple, straightforward way to create long term wealth

1

Understand and embrace risk

Put time on your side

Invest systematically

Don't worry about market timing

A tried & tested method

- The alternative is to :

2

Invest in instruments which might not beat Inflation

Select your stocks judiciously

Follow markets very closely

Time your entry and exit very well

And hope that you get it right more often than not!

The choice is yours to make…….

Choose the Right Partner –Reliance Mutual Fund

Largest AUM : More than 1.07 Lakh Crores (Sep 30, 2010)

High on Trust : Trusted by over 72 lakh account holders

Best Process & Risk : CRISIL Level 1 Fund House

Good culture of SIPs : More than 10 Lakh active SIPs

Source: - AUM source www.amfiindia.com. Data as on September 30, 2010..
- 72.20 lakh investor accounts is calculated on the basis of live folios as on October 31, 2010 and includes investors across all the schemes of Reliance Mutual Fund.
- Crisil Rating methodology given at the end for perusal
- SIP count from internal sources

Choose the Right Partner –Reliance Mutual Fund

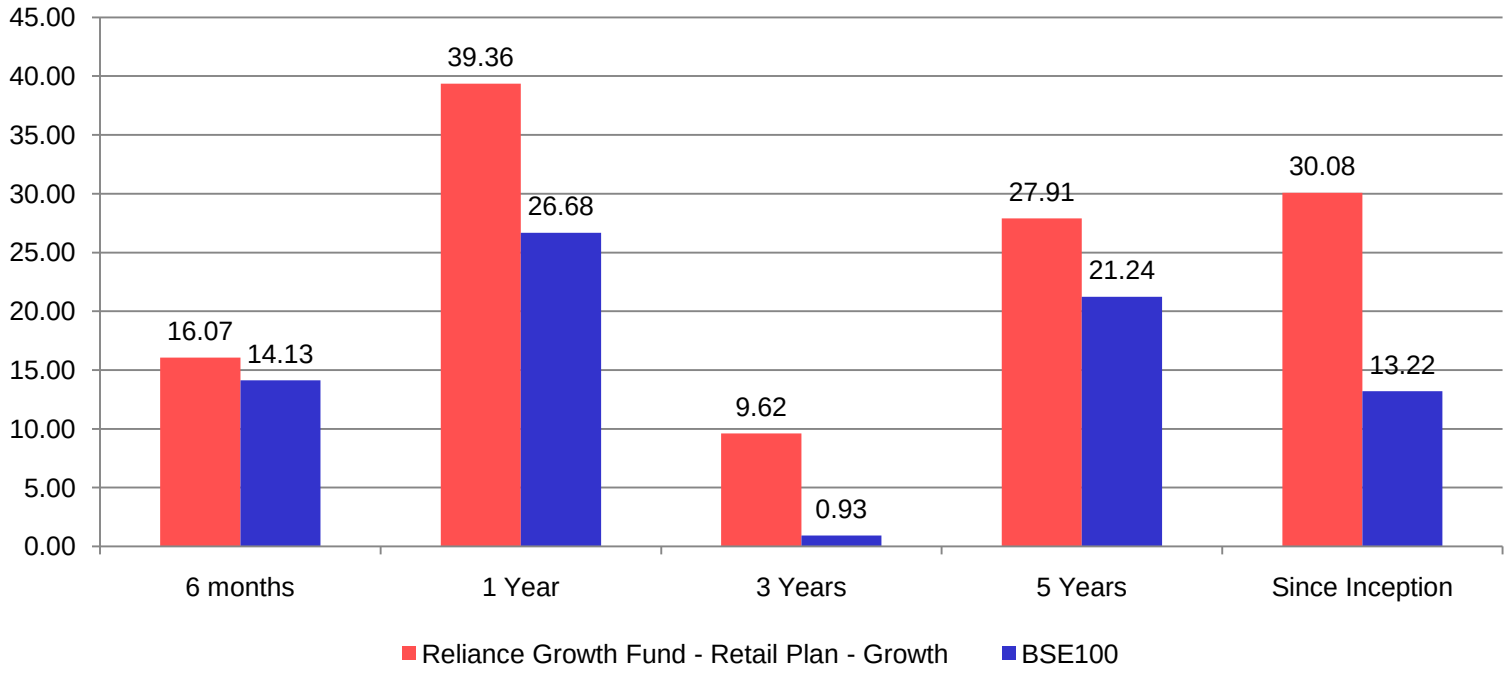
SIP Return as on Oct 29, 2010				
Period	1 Year	3 Year	5 Year	Since inception
SIP Start Date	01/11/2009	01/11/2007	01/11/2005	08/10/1995
Current NAV (As on 29/10/2010)	526.17	526.17	526.17	526.17
Total No. of units accumulated	26.9100	108.6862	209.4334	6212.5451
Total Amount Invested in Rs.	12000.00	36000.00	60000.00	181000.00
Market Value of Scheme if invested in Rs.	14159.35	57187.95	110198.56	3268884.07
Market Value if invested in Benchmark in Rs.	13721.57	50439.48	91768.95	781154.91
Return on SIP in Scheme	37.18%	33.14%	24.84%	33.68%
Return on SIP in Benchmark (BSE 100)	29.35%	23.64%	17.21%	17.59%

SIP Return as on Oct 29, 2010				
Period	1 Year	3 Year	5 Year	Since inception
SIP Start Date	01/11/2009	01/11/2007	01/11/2005	09/06/2005
Current NAV (As on 29/10/2010)	34.18	34.18	34.18	34.18
Total No. of units accumulated	413.66	1704.46	3500.58	3998.80
Total Amount Invested in Rs.	12000.00	36000.00	60000.00	65000.00
Market Value of Scheme if invested in Rs.	14137.22	58251.38	119635.19	136662.24
Market Value if invested in Benchmark in Rs.	13721.57	50439.48	91768.95	104659.29
Return on SIP in Scheme	36.78%	34.57%	28.31%	27.94%
Return on SIP in Benchmark (BSE 100)	29.35%	23.64%	17.21%	17.73%

Past Performance may or may not be sustained in future.

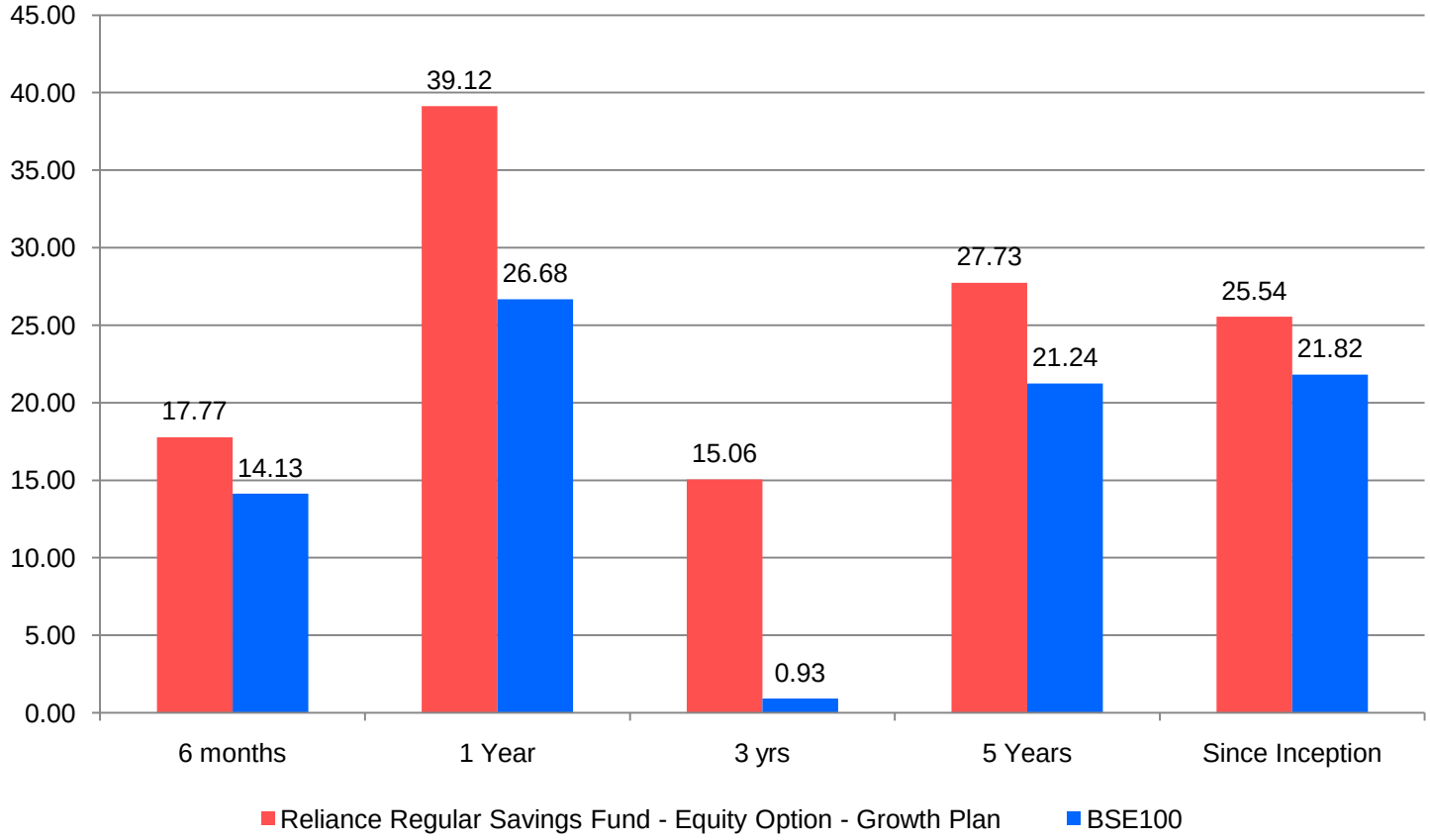
a) Returns on SIP and Benchmark are annualised and cumulative investment return for cash flows resulting out of uniform and regular monthly subscriptions have been worked out on Excel spreadsheet function known as XIRR
b) Calculations assume that all payouts during the period have been reinvested in the units of the scheme at then prevailing NAV.
c) It is assumed that a SIP of Rs. 1000/- each executed on 10th of every month has been taken into consideration including the first installment. It may please be noted that load has not been taken into consideration.
d) The amounts invested in SIP and the market values of such investments at respective periodic intervals thereof are simulated for illustrative purposes for understanding the concept of SIP. This illustration should not be construed as a promise, guarantee on or a forecast of any minimum returns. The Mutual Fund or the Investment Manager does not assure any safeguard of capital and the illustrated returns are not necessarily indicative of future results and may not necessarily provide a basis for comparison with other investments. SIP does not guarantee or assure any protection against losses in declining market conditions.

Choose the Right Partner –Reliance Growth Fund



Performance as on Oct 29,2010

Choose the Right Partner – Reliance Regular Savings Fund-Equity



Performance as on Oct 29,2010

An earning member of my family

Reliance Mutual Fund
Anil Dhirubhai Ambani Group

Choose the Right Partner

Disclaimers & Risk Factors

Investments in Bank Fixed Deposits are relatively safer as they are covered under Deposit Insurance and Credit Guarantee Corporation of India to the extent of Rs. 1 lakh per account.

SIP is a Special Product available only in selected Schemes of Reliance Mutual Fund. Entry load will be Nil and Exit load as applicable in the respective Scheme at the time of registration will be applicable. The unit holder is free to discontinue from the SIP facility at any point of time by giving necessary instructions.

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Methodology - "CRISIL Fund House Level 1" rating denotes that RCAM has been judged by CRISIL Limited (Rating Agency) to possess HIGHEST LEVEL OF PROCESS QUALITY AND RISK MANAGEMENT CAPABILITY IN FUND MANAGEMENT PRACTICES. The other levels of rating are Level 2, Level 3, Level 4, and Level 5 denoting High, Average, Below Average and Poor 'level of process quality and risk management capability in fund management practices', respectively. "CRISIL Fund House Level 1**"** is a rating and not a ranking. CRISIL, a Standard & Poor's company is India's leading Ratings, Research, Risk and Policy Advisory Company. CRISIL's majority shareholder is Standard & Poor's, the world's foremost provider of independent credit ratings, indices, risk evaluation, investment research and data. The rating methodology emphasizes qualitative over quantitative factors. The Rating Agency has also factored inputs from Association of Mutual Funds of India & Securities and Exchange Board of India. The parameters which were used to arrive at the rating cover all the critical areas of operation of RCAM and a high score on these parameters which Rating Agency believes, have a strong co-relation with good long-term performance by the fund house. The five broad parameters evaluated for assigning this rating were (i) Organization Structure (ii) Investment Decision-making Process and Performance (iii) Operational Policies and Efficiencies **(iv) Risk Management (v) Selling & Client Servicing Practices.** The rating is valid for the period of 12 months from February 2, 2010. For detailed methodology, please visit www.crisil.com>Ratings>Methodology/Criteria> Funds.

Disclaimers & Risk Factors

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: "Reliance House" Nr. Mardia Plaza, Off. C.G. Road, Ahmedabad 380 006). 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. **Reliance Growth Fund (An Open-ended Equity Growth Scheme):** The primary investment objective of the scheme is to achieve long term growth of capital by investing in equity and equity related securities through a research based investment approach. **Asset Allocation:** Equity and Equity related Instruments: 100 to 65%, Debt Instruments & Money Market Instruments: 35 to 0%, **Reliance Regular Savings Fund (An open ended Scheme) Equity Option:** The primary investment objective of this Option is to seek capital appreciation and/or to generate consistent returns by actively investing in equity / equity related securities. **Asset Allocation:** Equity & Equity Related Securities: 100 to 80%, Debt and Money Market Instruments with an average maturity of 5-10 years: 20 to 0%. **Load for both the Schemes : Entry Load** – Nil**, Exit Load** - 1%, if redeemed or switched out on or before completion of 1 year from the date of allotment of units, Nil thereafter. **Terms of issue:** The NAV of the Scheme will be calculated and declared on every Working Day. The schemes provide sale / switch – in & repurchase /switch - out facility on all Business Days at NAV based prices.

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. Reliance Growth Fund and Reliance Regular Savings Fund is the name of the Scheme and does not in any manner indicates 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 NAV of the Scheme may be affected, interalia, by changes in the market conditions, interest rates, trading volumes, settlement periods and transfer procedures. The Mutual Fund is 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 distributable surplus in the Scheme. **Please read the Scheme Information Document (SID) and Statement of Additional Information (SAI) carefully before investing. Copies of SID and SAI** is available at all the DISC, Distributors and www.reliancemutual.com

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Thank You