

It starts with a grain of sand.
It ends as a perfect pearl.



PRODUCT UPDATE

February 2008

Sundaram BNP Paribas

SMILE

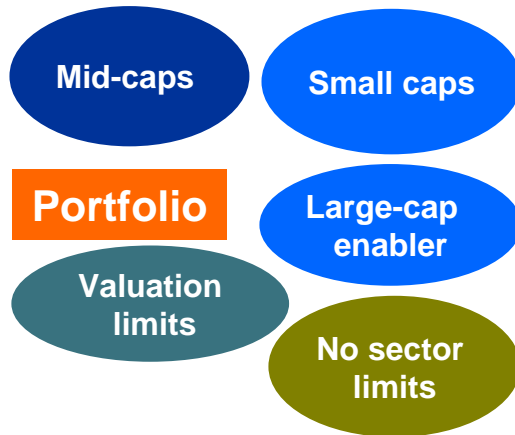
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INVESTMENT OBJECTIVE

Deliver returns by capitalizing on the manifold opportunity in the small- and mid-cap space **Benchmark: BSE CNX Mid Cap**

Characteristics

Diversified
Small cap
Mid cap
Large cap enabler



Large no. of stocks

- ❖ Stock limit 5%
- ❖ Small/Mid-caps: Minimum 65%
- ❖ Large-cap enabler: 35%
- ❖ Market-cap based limits for small-caps

SUITABILITY FOR INVESTORS WHO

- Have a high risk appetite
- Can hold for longer periods to overcome effects of volatility
- Wish to boost portfolio returns
- Seek to lower portfolio risk
- Have the ability to absorb losses

Present Stance

Using large-cap enabler to handle choppy markets

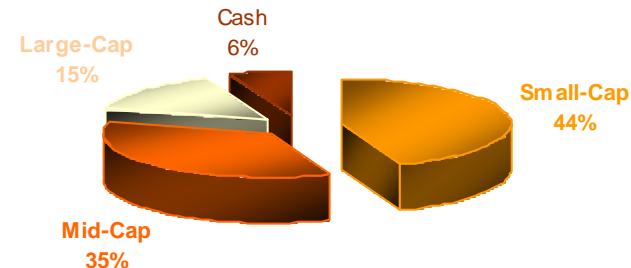
Key holdings: Suprajit Engg, Divis laboratories, Centurian Bank of Punjab

FEATURES

- **Small & Medium Indian Leading Equities** is a multi-cap fund, is the only multi-cap fund with a tilt towards small-cap stocks
- Offers exposure to Small-cap stocks, perhaps the only “research oriented” way to invest in this segment.
- Large-cap enabler is used to navigate during periods of volatility, as well as provide liquidity, if required.
- Stocks are chosen with a two- to three-year perspective
- Credible coverage from brokers on Small-caps is limited. Our in-house research and interaction with managements help to capitalize on this opportunity

Risk grid

Small & Mid-caps	No sector Limits	Diversified Portfolio
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Sundaram BNP Paribas SMILE

True multi-cap product with significant exposure to small-caps

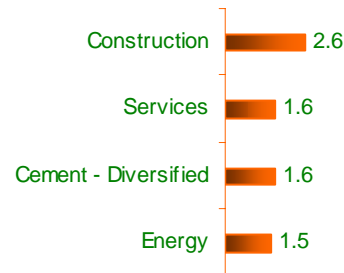
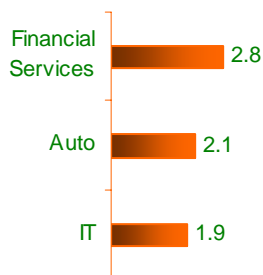
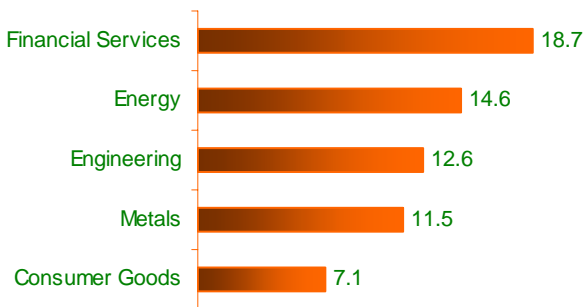
Krishnakumar, Portfolio Manager

Our Preferred Sectors

We enhanced in..

and reduced ...

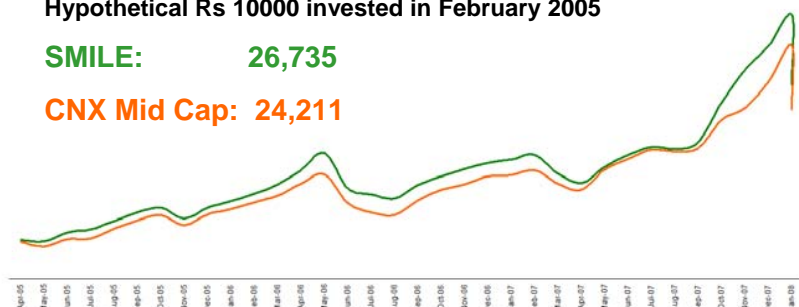
Top Picks



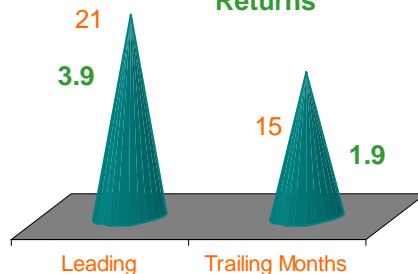
Company	Feb	Jan
Welspun Guj	3.5	3.8
Aban Lloyd	2.9	2.7
Essar Oil	2.8	2.5
Sesa Goa	2.8	3.8
Reliance Industries	2.8	2.8

Hypothetical Rs 10000 invested in February 2005

SMILE: 26,735
CNX Mid Cap: 24,211



Relative to Benchmark since launch
Returns



Enhanced & Entrants*

Reduced & Exits*

	Enhanced & Entrants*	Reduced & Exits*	
Indian Hotels	1.9	Spice Jet*	1.1
Corporation Bank*	1.6	Indian Hotels	1.7
Ashok Leyland*	1.1	JP Associates*	1.5
Britannia*	1.2	Blue Star*	1.2

Returns (in %)

Fund

CNX Mid Cap Index

SIP

Lifetime (Annualised)	38.2	34.0	35.7
One Year	54.0	48.4	41.2
Six Months	28.4	19.9	-4.4
Year-to-date	-21.5	-21.2	-
One Month	-1.2	-0.9	-

Risk Measures

Standard Deviation:	8.03	Correlation:	0.94
Beta	0.99	Alpha:	0.21
Sharpe:	0.31	Treynor:	2.47
Information Ratio:	0.12	Tracking Error:	2.67
Portfolio Turnover:	288.33	Risk Free Rate:	7.60

Equity 93.8
Cash 6.2



Top 5 16%
Top 10 28%

Holdings : 72

Growth NAV : 26.74
Dividend NAV: 15.07

Data source : Bloomberg; Computation: In-house

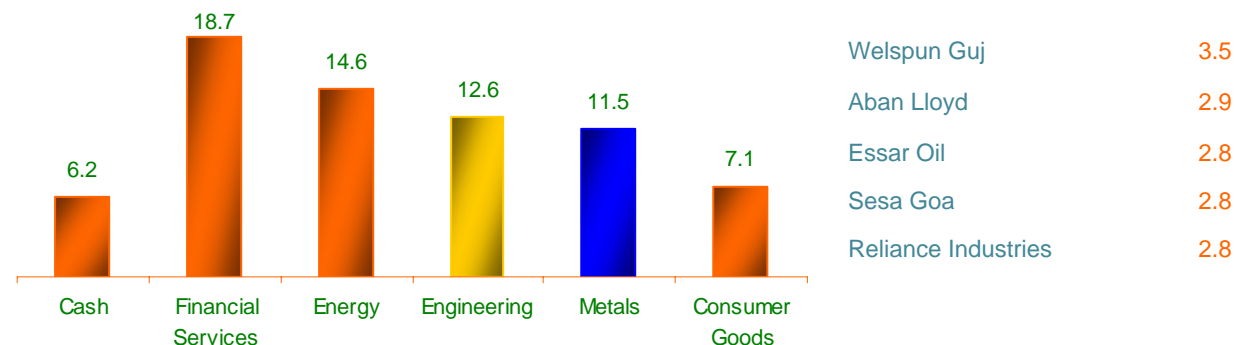
Size : Rs 239 Crore

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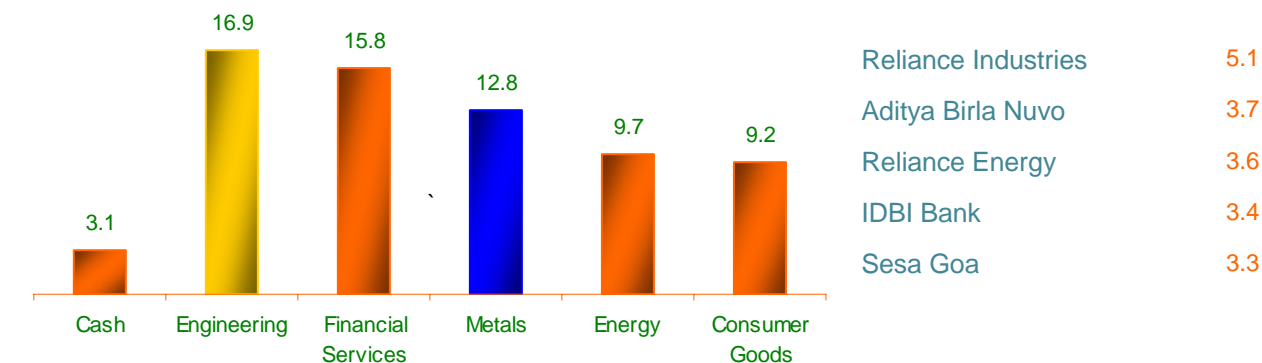
SMILE

- At 6%, the portfolio has a higher-than-usual allocation to cash and this will be deployed in due course.
- The portfolio is well diversified except for a close-to-20% allocation to financial services.
- The fund has invested about 75% in mid- and small-cap stocks.
- The median market cap is about Rs 6,700 crore due to the large-cap component of the portfolio.
- The portfolio retains its aggressive growth stance.

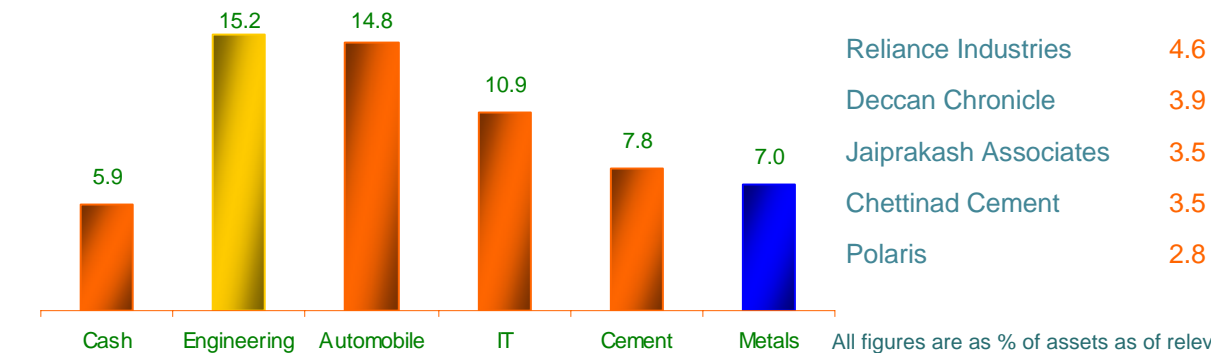
Now



6 Months Ago



1 Year Ago



All figures are as % of assets as of relevant date