

***"Invest When Young, Reap Benefits When Mature"***  
***Is the Mantra for Long Term Wealth Creation***

**To unleash the great potential by channelizing investments**

**In Select Small Cap Companies,**

**Portraying twin benefits of high growth potential & under valuations**

***Reliance Mutual Fund***  
***offers***

***Reliance Small Cap Fund***

***(An Open Ended Equity Scheme)***

***A Fund with a Very Aggressive Investment Style***

***NFO Opens On: 26<sup>th</sup> August 2010***

***NFO Closes On: 09<sup>th</sup> September 2010***

## Positioning of the Fund

		Returns		
		High	Medium	Low
Risk	High	Reliance Small Cap Fund		
	Medium			
	Low			

- ❑ *A relatively high risk/high return oriented fund characterized by volatility which will get smoothed out over long term investment horizon.*
- ❑ *Reliance Small Cap Fund will be a vital part of an investor's core portfolio that aims to create an alpha for his/her investments.*

## Investment Philosophy

- ❑ With an endeavor to maximize returns & minimize risks by reasonable diversification, primary focus would be on small cap stocks.
  - Investment in Equities of Small Cap Companies : 65%-100%\*
  - Investment in Equities of any other Companies : 0%-35%\*
  - Investment in Debt & Money Market Securities : 0% - 35%\*
- ❑ Small cap stocks, for the purpose of the fund are defined as stocks whose market capitalization is in between the highest & lowest market capitalization of companies on BSE Small Cap Index.
- ❑ Investment with a longer term horizon.

\* Please refer detailed asset allocation in Scheme Features on Pg 4

## Risk Profile

*A Very Aggressive Small Cap Oriented Fund*

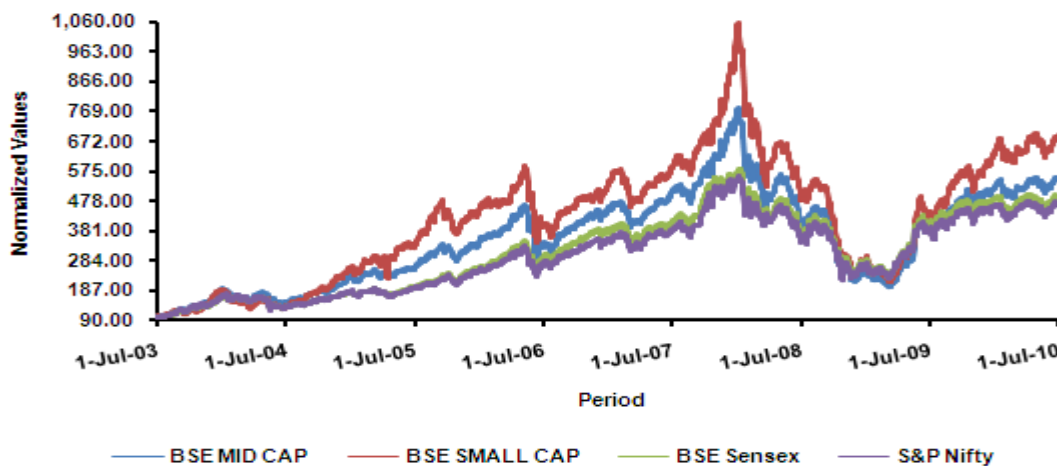
## Key Benefits of Investing in Small Caps



- ❑ Select small caps are potential large caps of tomorrow because of their twin benefits of high growth prospects & relatively under valuation.
- ❑ Small caps are relatively under researched, under owned and undervalued as compared to large caps, thus providing an opportunity to be re-rated.
- ❑ With presence in all emerging sectors of India, small caps have the ability to become multi-baggers which are a true reflection of entrepreneurial spirit, new opportunities and creation of global behemoths.

## Investment Case For Small Caps

- Over a period of time, small caps have outperformed large caps as illustrated in the below graph & table.



Performance Over The Last 2 Years (31st July 08 - 30th July 10)		
Index	CAGR (%)	Outperformance of BSE SMALL CAP Relative To Indices
S&P CNX Nifty	11.32	5.00
BSE SENSEX	11.58	4.74
BSE MIDCAP	15.37	0.95
BSE SMALL CAP	16.32	-

Source: [www.bseindia.com](http://www.bseindia.com), [www.nseindia.com](http://www.nseindia.com)

- Valuation gap is visible between small caps and large caps (as seen in the table below), thus giving an opportunity for alpha creation.

Valuation As On 30th July 2010		
Index	P/E	Price To Book Value
S&P CNX Nifty	22.31	3.78
BSE SENSEX	21.20	3.40
BSE MIDCAP	19.24	2.90
BSE SMALL CAP	15.66	2.34

Source: [www.bseindia.com](http://www.bseindia.com), [www.nseindia.com](http://www.nseindia.com)

## Reliance Mutual Fund Advantage

- ❑ Bottom up approach has been strongly advocated as the key investment strategy of Reliance Mutual Fund.
- ❑ Well-experienced team of investment professionals having –
  - Collective experience of over 150 years in Indian equities
  - Most members individually tracking Indian equity markets for well over 15 years.
- ❑ In depth research capabilities to identify small caps with huge growth potential.
- ❑ Our research capability empowers the Fund Manager to be BOLD in identifying high growth potential stocks & manage the RISK associated with it.
- ❑ Only fund in RMF's product basket with a pre-dominant investment focus on small cap companies where stock selection would play a key role.

Past Performance may or may not be sustained in Future

## Scheme Features

<b>Investment Objective</b>	The primary investment objective of the scheme is to generate long term capital appreciation by investing predominantly in equity and equity related instruments of small cap companies and the secondary objective is to generate consistent returns by investing in debt and money market securities
<b>Nature of the Scheme</b>	An Open Ended Equity Scheme
<b>Benchmark</b>	BSE Small Cap Index
<b>Proposed Asset Allocation</b>	<p>Equity &amp; Equity Related Securities of small cap companies including derivatives# - 65%-100%</p> <p>Equity &amp; Equity Related Securities of any other companies including derivatives# - 0%-35%</p> <p>Debt &amp; Money Market Securities ** 0% - 35%</p> <p>** including securitized debt upto 30%</p> <p># <i>The Scheme proposes to invest at least 65% of the corpus in Equity &amp; equity related instruments of small cap companies which may go upto 100% of the corpus. The investment in Equity &amp; equity related instruments of any other companies other than small cap companies will be in the range of 0-35% of the corpus.</i></p>
<b>Fund Manager</b>	Sunil Singhania
<b>Choice of Plans/Options</b>	Growth Plan: Growth & Bonus Option Dividend Plan : Dividend Payout Option & Dividend Reinvestment Option
<b>Minimum Investment</b>	Rs. 5000 & in multiples of Re 1 thereafter
<b>Load Structure</b> (During New Fund Offer & Continuous Offer including SIP Installments)	Entry Load* : Nil
	Exit Load :
	2% If redeemed or switched out on or before completion of 12 months from the date of allotment of units

	<p>1% If redeemed or switched out after 12 months but on or before completion of 24 months from the date of allotment of units Nil If redeemed or switched out after the completion of 24 months from the date of allotment of units</p> <p><i>*In accordance with the requirements specified by the SEBI circular no. SEBI/IMD/CIR No.4/168230/09 dated June 30, 2009 no entry load will be charged for purchase / additional purchase / switch-in accepted by the Fund with effect from August 01, 2009. Similarly, no entry load will be charged with respect to applications for registrations under systematic investment plans/ systematic transfer plans accepted by the Fund with effect from August 01, 2009.</i></p>
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## Disclaimers

The views constitute only the opinions and do not constitute any guidelines or recommendation on any course of action to be followed by the readers. This information is meant for general reading purpose only and is not meant to serve as a professional guide for the readers. This document has been prepared on the basis of publicly available information, internally developed data and other sources believed to be reliable. The Sponsor, The Investment Manager, The Trustee or any of their respective directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information. Whilst no action has been solicited based upon the information provided herein, due care has been taken to ensure that the facts are accurate and opinions given fair and reasonable. This information is not intended to be an offer or solicitation for the purchase or sale of any financial product or instrument. Recipients of this information should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed investment decision before making any investments. None of The Sponsor, The Investment Manager, The Trustee, their respective directors, employees, affiliates or representatives shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way from the information contained in this material.

The Sponsor, The Investment Manager, The Trustee, any of their respective directors, employees including the fund managers, affiliates, representatives including persons involved in the preparation or issuance of this material may from time to time, have long or short positions in, and buy or sell the securities thereof, of company(ies) / specific sectors mentioned herein.

**Terms of issue and mode of sale and redemption of units:** The units are available at Rs. 10/- per unit during NFO & thereafter at applicable NAV based prices. The Scheme will offer for Subscription/ Switch-in and Redemption / Switch-out of Units on every Business Day on an ongoing basis, within five business days of allotment. The redemption or repurchase proceeds shall be dispatched to the unitholders within 10 Business Days from the date of redemption or repurchase.

**Investor benefits and general services offered:** The Scheme offers Systematic Investment Plan, Auto Switch facility, Online Transactions and Reliance Any Time Money Card during the NFO period. The NAV of Scheme shall be published on a daily basis by the Mutual Fund at least in two daily newspapers and will also uploaded on the AMFI site [www.amfiindia.com](http://www.amfiindia.com) and Reliance Mutual Fund site i.e. [www.reliancemutual.com](http://www.reliancemutual.com).

**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.

**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 securities market. Reliance Small Cap Fund is only 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 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. The NAV of the Scheme may be affected, inter alia, by changes in the market conditions, interest rates, trading volumes, settlement periods and transfer procedures. There are various risks associated with investing in Equities, Bonds, Foreign Securities, investing and use of Derivatives, Securitised Debt and Short Selling & Securities Lending. For Scheme specific risk factors and more details, please refer to the Scheme Information Document & Key Information Memorandum, which is available at all the DISC, Distributors and [www.reliancemutual.com](http://www.reliancemutual.com). Investors can also call at our call centre 1800-300-11111 (toll free) for more details. **Please read the Scheme Information Document and Statement of Additional Information carefully before investing.**