

**RELIANCE MEDIA & ENTERTAINMENT FUND (GROWTH)**

(An Open-ended Media & Entertainment Sector Scheme.) The primary investment objective of the Scheme is to generate consistent returns by investing in equity / equity related or fixed income securities of media & entertainment and other associated companies.

Latest NAVs				
	Curr NAV	Old NAV	MaxCNAV Date	MaxPNAV Date
Dividend Plan	16.2556	16.5342	12 Jun 09	11 June 2009
Growth Plan Bonus option	20.8042	21.1607	12 Jun 09	11 June 2009
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Performance as on 29/05/2009				
	Absolute	Compounded Annualized		
	6 months	1 Year	3 Years	Since Inception
Reliance Media & Entet Fund -Growth	53.07	-25.19	1.89	16.57
S&P CNX Media & Entertainment Index	77.46	-32.17	-1.66	9.84

Portfolio

Top Holdings as on May 29th, 2009

Equity	Sector	Value (Rs Cr.)	Asset (%)
Zee News	Media	18.00	12.93
Zee Entertainment	Media	16.16	11.61
Jagran Prakashan	Media	13.01	9.35
TV 18	Media	11.88	8.53
Sun TV Network	Media	10.09	7.25
Network 18	Media	9.60	6.90
Hinduja Ventures	Technology	6.81	4.89
Balaji Telefilms	Media	6.11	4.39
Dish TV India	Media	6.08	4.37
Pritis Nandi	Media	1.87	1.34



Sector Outlook - Media and Entertainment Sector

The Media and Entertainment is one of the fastest growing sectors in India. The increasing rate of urbanization, the penetration of television and radio industry in the rural areas with the help of the technology and the rising levels of incomes of the people in India has facilitated the growth rate of Media and Entertainment industry in India. The Indian economy is growing at a fast rate and the Media and Entertainment industry is expected to benefit significantly from it. The industry grows faster than the gross domestic product growth (GDP) due to the elasticity of income. When incomes rise, people tend to spend proportionately more resources on leisure and entertainment than the necessities. India is poised to enter this phase of rapid growth in the sector. The Media And Entertainment sector is highly fragmented in India.

Though the economic slowdown affect the profitability of advertising-driven sectors like print, radio and outdoor sectors, the media and entertainment industry is still expected to have a CAGR of 18 per cent over the next five years. The Indian media and entertainment industry stood at Rs 58,400 crore in 2008, a growth of 12.4 per cent over the previous year, and it will reach the size of Rs 1, 52,000 crore by 2013.

Recent technological advances and liberal government policies favoring foreign direct investment (FDI) continue to aid expansion. Attracted by the booming M&E industry, multinational media conglomerates such as Walt Disney Corporation and Viacom have invested or plan to invest in Indian M&E companies. In India, the ratio of advertising expenditure to GDP is about 0.4%. This is substantially lower in comparison to the developed economies as well as developing economies. As the Indian economy continues to develop and the televisions reach increases, its advertising expenditure to GDP ratio is expected to increase over the next 5 years. The demographic profile of India also favors higher spend on entertainment, with the consuming class forming a sizeable chunk of the country's total households. Thus, this could lead to the emergence of a huge consumer base for the various products and services (including entertainment). New distribution technologies like DTH, Conditional Access System (CAS) and IPTV, hold the future of the media industry as increasing digitalisation will radically alter the ways in which consumers receive channels. Also, these distribution platforms will give broadcasters direct access to consumers providing not just routine content but also customized value added services (like video on demand).

As a result of this, the average revenue per user will increase significantly. Moreover, broadcasters are also expected to rake in larger advertisement revenues, as ad spend is likely to go up on the back of the robust economic growth.



Outlook of the top holdings of the funds

Zee News

Technically the outlook remains positive for the medium to long term investment purpose. On weekly charts the counter is facing a strong resistance at 49-50 level, a clear cut breakout above this level will take the counter to the higher level of 75 and above. Strong support is placed at 38

Zee Entertainment

Zee Entertainment is consolidating at current levels after witnessing a continuous upside momentum. A strong support is placed at 162-165 levels. Medium term outlook remain positive for the counter for the target of 235-240.

Jagran Prakashan

The counter is showing good movement in the recent times, with RSI trading at 64 level. All other technical indicators are also giving positive signals but the only concern is the fewer amounts of volumes in the counter.

TV 18

The counter after witnessing a one side rally for the last few days has now following a downtrend. A small resistance is placed at 165 level. A confirmatory breakout above this level will start a new bull run in the counter.

Sun TV Network

Sun TV with the digitalization that is taking place or well funded balance sheet and leader in the South Indian general entertainment channels is one of the best pick in media sector. Technically also the outlook remains bullish for the counter.

Network 18

Network 18 raises Rs 204.92 crore via a qualified institutional placement issue of 1.57 crore shares at Rs 130 per share. it has got Rs 1,200 crore of networth and only Rs 200-250 crore of debt. Technically it is consolidating at current level but the medium - long term outlook remains bullish.

Hinduja Ventures

Hinduja Ventures associate company, Planet E Shop Holdings (India) Ltd, has received the permission to downlink and distribute Foreign TV channels and content, from the Ministry of Information & Broadcasting, Government of India.

Balaji Telefilms Ltd.

Fundamentally the company is witnessing a fall in its TRP as compared to other newly launched channels. Technically it is performing in line with the other media sector stocks, So we can expect an average to good return in the near future.



Dish TV

For Dish TV the support is deep down at Rs 35 levels unless it breaches the support, the outlook remains positive. On the upsides the resistance might be seen at Rs 72-74 levels and that is where I think trader should basically take some money off the table and start locking in profits.

Priritish Nandy Communiactions

A slow performer among all the media sector stocks. It has been giving a nominal rate of return but with less participation of traders and investors

Conclusion

The Indian media and entertainment industry stood at Rs 58,400 crore in 2008, and is expected to grow at a CAGR of 18 percent. So the major players of the sector will be the beneficiary in the growing phase. Looking at the current scenario, the major players are performing in line with the market but not performing to their actual capabilities. Fund with one of the fastest growing sector as its portfolio is deemed to perform well in the long term. Short term outlook is upward bias as some consolidation is expected.



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