

DEBT MARKET COMMENTARY

An important month from the point of view of interest rate with multiple events providing much required comfort with respect to direction of interest rate movement. The developments in US and Euro region was aptly supported domestically by the Government and central bank alike.

Among the important macro release, the trade deficit for July came at USD 15.5 bn. The IIP remained anemic at 0.1% in the month of July against a negative 1.8% June number. The consumer goods disappointed growing by a meager 0.7% yoy in July against 4.5% yoy in June. The inflation number for the month of August sprung a surprise coming at 7.55% against the market expectation of 7.1% and July reading of 6.87%. The June inflation also got revised upward to 7.58% from provisional figure of 7.25%. The CPI print for the month of August came in double digit at 10.03% against the July reading of 9.86%. The HSBC PMI at 52.8 for the August month came a tad lower than the previous month reading of 52.9.

The Fed undertook another round of quantitative easing in the form of QE3. The US central bank said it will launch a fresh round of bond-buying to stimulate the economy, purchasing \$40 billion of mortgage debt each month until the outlook for jobs improves substantially. This follows the go ahead nod by the German court on the European Stability Mechanism (ESF) for the creation of Europe's 500 billion euro (\$640 billion) rescue fund.

The QE3 impact saw sharp gain in risk on assets with commodities prices jumping to a five month peak. The price of crude rose to a six month high with Brent crude crossing \$117 per barrel mark and Nymex crossing \$100 mark. The yield in the Euro area came down across economies and on the currency side the US dollar crossed USD1.30/Euro forming a four month low. The India currency also gained in the euphoria and closed the month at INR 52.85/USD to the previous month closing of INR 55.52/USD.

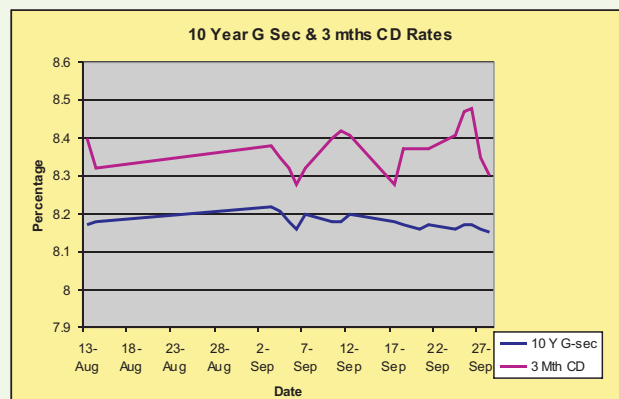
In an attempt to correct the fiscal health, the Cabinet Committee on Political Affairs (CCPA) raised the diesel price by Rs 5 per litre and capped the number of subsidised cooking gas cylinder to six per household per year. Following this, the Reserve Bank of India in its Mid-quarter monetary policy review on 17th of September cut the CRR by 25bps to 4.50% and kept the repo rate unchanged at 8.00%. Consequently, the CRR cut would help release Rs.17,000 crore of Primary liquidity into the banking system. The guidance para of the report cited inflation concern by stating "in the current situation, persistent inflationary pressures alongside risks emerging from twin deficits - current account deficit and fiscal deficit - constrain a stronger response of monetary policy to growth risks."

The dated borrowing calendar announced for the second half of calendar year came in line with the budgeted borrowing target. The target borrowing of Rs.2 lakh crore is scheduled to be completed by the month of February resulting in a weekly supply of Rs.12,000 Rs. 13,000 crore of government bonds. The government also announced Q3 borrowing via T-bill at INR 1.3 tn.

The interest rate market reacted positively to the developments welcoming much needed clarity on the future direction of interest rates. However, the supply concern and sticky nature of inflation kept rally in the government securities market under check. The ten year benchmark which closed the previous month at 8.24% rallied all the way down to 8.10% cheering the hike in price of diesel & CRR cut in the policy. Hovering in the range of 8.15-8.20% for most part of the month, the ten year yield closed the month at 8.15%, down by 9bps over the previous month's close. The rally was more prominent in the corporate bond market with the yield in 5 year and 10 year AAA rated bonds coming sharply down to close the month in the range of 8.92-8.97% against the previous month closing range of 9.20-9.25%.

The liquidity remained orderly despite outflows on account of advance tax with overnight rates hovering close to 8% mark. The average LAF remained well within comfort level of RBI of 1% of NDTL. The market borrowed Rs. 8,69,482 crore under LAF in the month of September at a daily average of Rs. 45,762.74 crore as against borrowing of Rs. 9,51,715 crore in August month at an average of Rs. 45,319.76 crore.

The money market yields softened mirroring the easy liquidity scenario and lesser demand of funds by banks owing to 25bps cut in CRR. Against the previous month closing range of 8.45-8.50%, the rates in the three month CD closed the month in the range of 8.25-8.30%. The rates in the one year CDs also trended downwards closing the month in the range of 8.80-8.85%.



EQUITY MARKET COMMENTARY

India faced an 8% deficient rainfall than normal at the end of the four-month long south-west monsoon season as a late rally washed away the spectre of possible drought. Belying fears of little rainfall due to adverse El Nino conditions, the month of September ended with a 11% excess in effect leading to ample moisture in the soil for good winter crop.

As a further reform push - the government is poised to announce a five-year fiscal consolidation plan that will lay down clear milestones for steadily narrowing the gap between spending and revenue. To foreign investors and credit rating agencies, the medium-term fiscal consolidation plan will signal the intent of the Congress-led United Progressive Alliance (UPA) to press ahead with politically contentious decisions to restore fiscal balance. It will help the Reserve Bank of India (RBI) better plan its monetary policy stance by providing a clearer picture of the fiscal and economic outlook.

For Q2FY13 Quarterly results - India Inc.'s EBITDA margins are expected to bottom out and we see limited risk of any further material decline. With commodity prices softening, EBITDA margins are expected to rebound after falling continuously y-o-y for the last nine quarters. We believe that revenue growth will sustain at around 15 per cent, while cost pressures are expected to gradually ease out. The sectors such as cement, power, steel, tyres and textiles are expected to benefit on account of sharp decline in price of commodities like coal, rubber and cotton.

Indiabulls Liquid Fund

(An open-ended liquid scheme)

**Credit Risk Rating
AAAmfs by CRISIL***

Fund Style

Credit Quality

High Mid Low

Interest Rate Sensitivity
High
Mid
Low

Fund Details

Fund Manager

Mr. Raju Sharma
Total work experience: 20 years

Benchmark Index

CRISIL Liquid Fund Index

Date of Allotment

October 25, 2011

NAV as on 30 September 2012

Growth Option: ₹1093.5410
Daily Dividend Option: ₹1000.0000
Weekly Dividend Option: ₹1001.4056
Monthly Dividend Option: ₹1006.4420

Options

The Scheme offers the following Options across a common portfolio:

- Growth Option
- Dividend Option
(Daily, Weekly, Fortnightly & Monthly)

Default Option / Facility / Frequency

Default Option – Growth
Default dividend facility – Reinvestment
Default dividend frequency – Monthly

Minimum Application Amount

₹ 5,000 and in multiples of ₹ 1/- thereafter.
Minimum Additional Purchase Amount:
₹ 1,000 and in multiples of ₹ 1/- thereafter.

Load Structure

Entry Load: Not Applicable
Exit Load: Nil

SIP/STP/SWP:

STP facility is available
w.e.f September 25, 2012.

Avg. AUM for the quarter (September 2012)

₹ 1721.11 Crores

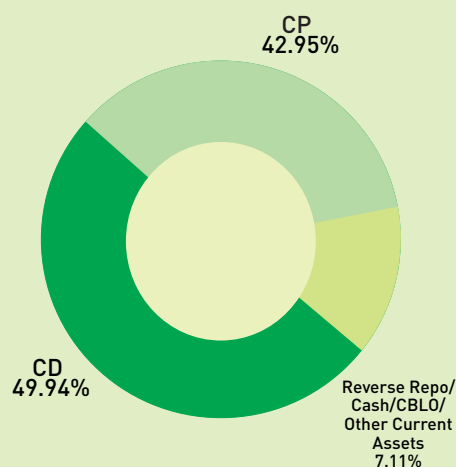
Investment Objective

To provide a high level of liquidity with returns commensurate with low risk through a portfolio of money market and debt securities with maturity of upto 91 days. However, there can be no assurance that the investment objective of the Scheme will be achieved.

PORTFOLIO

Name of Instrument/Issue	Short Term Rating of Instrument	Long Term Rating of Issuer	% of Portfolio
Certificate of Deposits			
ICICI Bank Limited	CARE A1+	CARE AAA	8.31%
ING Vysya Bank Limited	CRISIL A1+	CRISIL AA	6.45%
Punjab National Bank	CARE A1+	CARE AAA	6.40%
UCO Bank	CRISIL A1+	CRISIL AA+	6.40%
IDBI Bank Limited	CRISIL A1+	CRISIL AA+	6.39%
Allahabad Bank	ICRA A1+	ICRA AA+	6.39%
Punjab & Sind Bank	ICRA A1+	ICRA AA+	6.39%
Jammu & Kashmir Bank Limited	CRISIL A1+	CRISIL AA	3.20%
Commercial Papers			
L&T Fincorp Limited	CARE A1+	CARE AA+	6.42%
Tata Capital Limited	CRISIL A1+	CRISIL AA+	6.42%
Raymond Limited	CARE A1+	CRISIL AA	6.41%
Cholamandalam Investment & Finance Company Limited	CRISIL A1+	CRISIL AA-	6.40%
Piramal Enterprises Limited	ICRA A1+	ICRA AA	3.23%
Ericsson India Pvt Ltd	ICRA A1+	ICRA AA	3.20%
Essel Mining & Industries Limited	ICRA A1+	NA	3.20%
Tata Capital Housing Limited	ICRA A1+	CRISIL AA+	3.19%
Blue Star Limited	CRISIL A1+	CARE AA+	2.56%
EXIM	CARE A1+	CRISIL AAA	1.93%
Reverse Repo/Cash/CBLO/Other Current Assets			
	SOV	SOV	7.11%
TOTAL			100.00%

Asset Allocation



Quantitative Indicators

Average Maturity

47 Days

Modified Duration

44 Days

Gross YTM

8.67%

Rating Profile

100.00%

A1+/AAA or equivalent

Dividend History - Monthly Option

Record Date	Face Value	NAV	Dividend/Unit
03-07-2012	₹ 1000	₹ 1008.5008	₹ 8.5008
01-08-2012	₹ 1000	₹ 1007.4275	₹ 7.4275
03-09-2012	₹ 1000	₹ 1008.2106	₹ 8.2106

Pursuant to payment of dividend, the NAV of the scheme will fall to the extent of dividend distribution and statutory levy (if any). Past performance may or may not be sustained in future.

Indiabulls Ultra Short Term Fund (an Open-ended Debt Scheme)

**Credit Risk Rating
AAAmfs by CRISIL***

Fund Style

Credit Quality

High Mid Low

High
Mid
Low
Interest Rate Sensitivity

Investment Objective

To provide liquidity with return commensurate with low risk through a portfolio of money market and debt securities. However, there can be no assurance that the investment objective of the scheme will be achieved.

Fund Details

Fund Manager

Mr. Raju Sharma
Total work experience: 20 years
Mr. Puneet Srivastava
Total work experience: 15 years

Benchmark Index

CRISIL Liquid Fund Index

Date of Allotment

January 6, 2012

NAV as on 28 September 2012

Growth Option: ₹1075.1746
Daily Dividend Option: ₹1000.1867
Weekly Dividend Option: ₹1001.5296
Monthly Dividend Option: ₹1001.2634

Options

The Scheme offers the following options across a common portfolio:

- Growth
- Dividend Option
(Daily, Weekly, Fortnightly & Monthly)

Default Option / Facility

Default Option - Growth
Default dividend Facility - Reinvestment

Minimum Application Amount

₹ 5,000 and in multiples of ₹ 1/- thereafter.
Minimum Additional Purchase Amount:
₹ 1,000 and in multiples of ₹ 1/- thereafter.

Load Structure

Entry Load: Not Applicable
Exit Load: NIL

SIP/STP/SWP:

STP facility is available
w.e.f September 25, 2012.

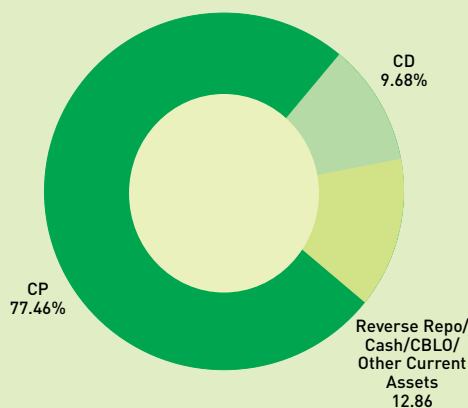
Avg. AUM for the quarter (September 2012)

₹ 310.13 Crores

PORTFOLIO

Name of Instrument/Issue	Short Term Rating of Instrument	Long Term Rating of Issuer	% of Portfolio
Certificate of Deposits			
ICICI Bank Limited	CARE A1+	CARE AAA	9.65%
Axis Bank Limited	CRISIL A1+	CRISIL AAA	0.03%
Commercial Papers			
Cholamandalam Investment & Finance Company Limited	CRISIL A1+	CRISIL AA-	13.52%
EXIM	CRISIL A1+	CRISIL AAA	9.70%
Piramal Enterprises Limited	ICRA A1+	ICRA AA	6.96%
Ericsson India Pvt Ltd	ICRA A1+	ICRA AA	6.91%
Essel Mining & Industries Limited	ICRA A1+	NA	6.90%
Blue Star Limited	CARE A1+	CARE AA+	6.86%
Raymond Limited	CARE A1+	CARE AA	6.86%
Sundaram BNP Paribas Home Finance	CRISIL A1+	CRISIL AA+	6.75%
Kotak Mahindra Investments Limited	ICRA A1+	ICRA AA	6.51%
JM Financial Products	CRISIL A1+	CRISIL AA-	6.49%
Reverse Repo/Cash/CBLO/Other Current Assets			
	SOV	SOV	12.86%
TOTAL			100.00%

Asset Allocation



Quantitative Indicators

Average Maturity

83 Days

Modified Duration

77 Days

Gross YTM

9.32%

Rating Profile

100.00%

A1+/AAA or equivalent

Dividend History - Monthly Option

Record Date	Face Value	NAV	Dividend/Unit
25-07-2012	₹ 1000	₹ 1006.9266	₹ 6.9112
27-08-2012	₹ 1000	₹ 1008.9726	₹ 8.9573
25-09-2012	₹ 1000	₹ 1007.2589	₹ 7.2436

Pursuant to payment of dividend, the NAV of the scheme will fall to the extent of dividend distribution and statutory levy (if any). Past performance may or may not be sustained in future.

Indiabulls Blue Chip Fund
(An open-ended equity scheme)

Fund Style

Investment Style

Growth Blend Value

			Capitalisation Large Medium Small

Fund Details

Fund Manager

Mr. Aviral Gupta
Total Work Experience: 14 years
Mr. Sumit Bhatnagar
Total Work Experience: 10 years

Benchmark Index

S & P CNX Nifty Index

Date of Allotment

10 February 2012

NAV as on 28 September 2012

Growth Option: ₹ 10.26
Dividend Option: ₹ 10.26

Options

The Scheme offers the following Options across a common portfolio:
Growth Option & Dividend Option

Default Option / Facility / Frequency

Default Option – Growth
Default Dividend Facility – Reinvestment

Minimum Application Amount

₹ 5,000 and in multiples of ₹ 1/- thereafter.
Rs. 1,000 and in multiples of Re. 1 thereafter
(For Systematic Investment Plan (SIP))
Minimum Additional Purchase Amount:
₹ 1,000 and in multiples of ₹ 1/- thereafter.

Load Structure

Entry : Not Applicable
Exit : 1% if redeemed/switched out within first year, NIL if redeemed/switched out in second year

SIP/STP/SWP:

SIP/STP/SWP facilities are available

Avg. AUM for the quarter (September 2012)

₹ 4.69 Crores

Investment Objective

To provide long-term capital appreciation from a portfolio that is invested predominantly in equity and equity-related securities of blue-chip large-cap companies. However there can be no assurance that the investment objective of the scheme will be achieved.

PORTFOLIO

Industry Allocation of Equity Holding

% of Net Assets

Auto	7.36%
Banks	21.50%
Cement	2.71%
Construction	1.10%
Construction Project	5.26%
Consumer Non Durables	11.64%
Ferrous Metals	1.16%
Finance	9.34%
Gas	1.11%
Industrial Capital Goods	1.17%
Minerals / Mining	1.21%
Non Ferrous Metals	1.78%
Oil	3.91%
Petroleum Products	8.55%
Pharmaceuticals	3.64%
Power	3.67%
Software	9.10%
Telecom Services	1.88%

Top 10 Holdings - Company

Industry

% to NAV

Reliance Industries Ltd	Petroleum Products	8.01%
ITC Ltd	Consumer Non Durables	7.89%
ICICI Bank Ltd	Banks	6.91%
HDFC Bank Ltd	Banks	6.38%
HDFC Ltd	Finance	6.29%
Larsen and Toubro Limited	Construction Project	5.26%
Infosys Technologies Ltd	Software	4.65%
State Bank Of India	Banks	3.57%
Tata Consultancy Services Ltd	Software	3.44%
Oil And Natural Gas Corporation Ltd.	Oil	2.98%

Top 10 Equity & Equity Related Holdings

55.39%

Total Equity & Equity Related Holdings

96.12%

Cash & Cash Equivalent

3.89%

Grand Total

100.01%

No Dividend has been declared in this month

Mutual Fund Investments are subject to market risks, read all scheme related documents carefully.

Mr. Amarjeet Singh ceases to be Fund Manager w.e.f October 1, 2012

Indiabulls Asset Management Company Limited

Corporate Office: Indiabulls House, Indiabulls Finance Centre, 11th Floor, Senapati Bapat Marg, Elphinstone West, Mumbai - 400 013

1800-200-7777 SMS 'IBMF' to 54242 www.indiabullsmf.com customercare@indiabullsmf.com