

FACTSHEET AS ON 31 MAY 2012

DEBT MARKET COMMENTARY



The month was marked by the global risk aversion and resultant strengthening of USD against other currencies. The growth numbers again surprised on the downside raising the possibility of some softening move by the central bank going ahead. In an important move to fix the fiscal health of the country the domestic petrol prices were hiked by Rs.7.50 per ltr, the steepest increase of 10.55%.

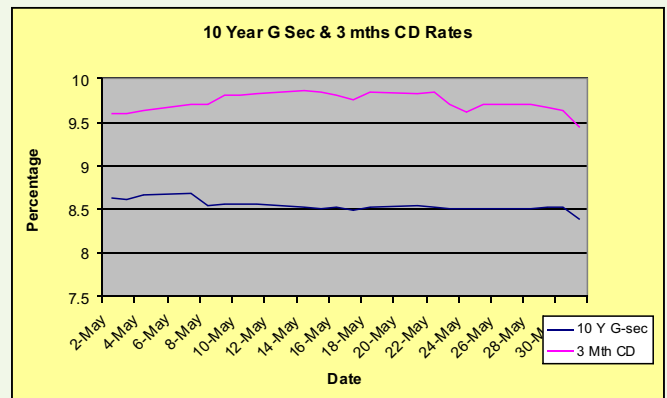
On the macro front, the data released during the month continued to confirm a sharp slow down in growth. The sharp contraction in manufacturing and mining saw the IIP numbers for the month of March shrink to - 3.5% as compared to 4.1% recorded a month earlier. The cumulative IIP growth for FY 2012 slipped to 2.8% as against 8.2% in the fiscal year 2011. The GDP growth slumped to 9 year low in the 4th quarter at 5.3% due to fall in manufacturing output and a sharp slowdown in services, electricity and construction sectors. The overall GDP for the fiscal year 2012 stood at 6.5%. This was lower than 6.9% growth recorded in FY 2008-09 which was impacted by the financial crisis. The Indian rupee also lost major ground touching an all time low of 56.38/USD and remained under pressure throughout the month and closed at 56.08/USD against 52.74/USD a month earlier.

The concern on the price front was evident in the inflation data release for the month of April at 7.23% as compared to 6.89%, a month ago. Apart from the rise in the price of primary food articles, the weak rupee has also contributed to the uptick. Food inflation rose for three months in succession and came in double digit at 10.49% as compared to 9.94% in March. The February inflation was also revised upward to 7.36% from earlier estimate of 6.95%.

The confirmation of slowdown in the macro numbers saw the interest rate market trend on a bullish path throughout the month. The ten year benchmark yield which remained close to 8.60% initially trended lower to form a range of 8.50-8.55% for most part of the month. The dismal 4Q GDP numbers released on the last day of the month reinstated the possibility of some rate cut action by the RBI and the yield fell sharply to close the month at 8.37% against the previous month closing of 8.67%, a fall of 30bps.

The Reserve bank actively managed the liquidity and continued with its OMO purchases to negate the impact of liquidity tightening arising out of forex market intervention. The overnight rates remained orderly and hovered close to the reverse repo rate. The market borrowed Rs. 21,77,035 crore under LAF in the month of May at a daily average for of Rs. 98,956.10 crore as against borrowing of Rs. 18,07,085 crore in April month at an average of Rs. 1,00,393.61 crore.

The short term rates remained orderly with overnight rates hovering around the reverse repo rate. The three month CD rates which rose to the level of 9.85% by mid month saw good buying by the banks and mutual funds. The liquidity comfort and lack of issuances saw it dip sharply to close the month in the range of 9.45-9.50%. The rates in the one year CDs which touched a high of 10% during the month also fell by month end to close in the range of 9.80-9.85%.



EQUITY MARKET COMMENTARY

India - a silver lining in the midst of chaos.....

As far as global uncertainty is concerned we believe that it may continue for some prolonged time as the tools now are limited and the past methodology to revive the economies have completely failed. China is having its own issues as it is trying to make a transition from export led economy to a domestic led consumption economy. This will not happen in hurry but may take serious time. Among emerging markets, for instance Brazil, has slowed down to 2.1%. With this premise we believe that India stands out as attractive destination in the eyes of prudent investors.

Domestically, Macro-economic data for Q4FY12 is reflective of a slowing economy and defines a clear need for a policy action from RBI to support growth. However, RBI policy action is likely to hinge upon the expected inflation trajectory. Oil has come off to sub \$100 levels, other commodities have also cooled off, manufacturing inflation is already in downward trajectory and expectations of a normal monsoon should ease food inflation. We believe that at the least RBI will come up with dovish statements in the forthcoming meet.

Currency depreciation is also fueling inflation. But with oil prices coming off and clampdown on gold imports by Government, we expect current account deficit to stabilize, which in turn should support rupee. As the rupee starts appreciating, it would help in taming inflation further.

The government looks to be getting out of its slumber. In a bid to push the infrastructure sector and counter faltering policy inaction, has announced a slew of new projects in a big push to critical sectors such as railways, aviation, coal and power. Noting that the infrastructure sector needs over \$ 1 trillion in the next five years, Prime Minister Manmohan Singh has said the government alone cannot invest such huge amounts and would involve the private sector through public private partnerships.

Q4 earnings came in better than expectations. Earnings growth of Sensex companies, at 16.7% yoy, was sharply ahead of our expectation. Adjusted for SBI earnings, the figure is a much lower 8.7%, though higher than 3.5% in Q3FY12. The top-performing sectors during the quarter were banks, Cement and IT, while Media, Metals and Autos were the worst performers.

Currently, markets are trading at 13 13.5 times the one year forward earnings, Indian markets are cheap from historical valuations. Considering that oil prices have come off, expectations of inflation cooling off, interest rate cuts, and stability returning to rupee we believe, this is an attractive entry point for a long term investor.

INDIABULLS LIQUID FUND

(An open-ended liquid scheme)

Credit Risk Rating
AAAmfs by CRISIL*

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 91days. 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

Indicative Investment Horizon

1 day to 1 month

Benchmark Index

CRISIL Liquid Fund Index

Date of Allotment

October 25, 2011

NAV as on 31 May 2012

Growth Option: ₹1060.4370
Daily Dividend Option: ₹1000.0000
Weekly Dividend Option: ₹1000.8199
Fortnightly Dividend Option: ₹1000.0000
Monthly Dividend Option: ₹1008.0002

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
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

STP/STP/SWP:

SIP/STP/SWP facilities are not available

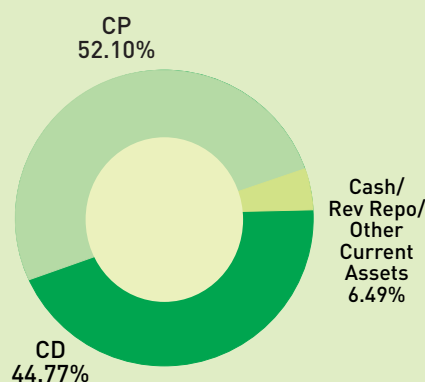
Avg. AUM for the quarter (March 2012)

₹ 1,40,806.57 Lakhs

PORTFOLIO

Name of Instrument/Issue	Rating	% of Portfolio
Certificate of Deposits		44.77%
State Bank of Patiala	A1+	8.56%
Syndicate Bank	A1+	7.12%
State Bank of India	A1+	5.73%
United Bank of India	A1+	5.69%
Punjab National Bank	A1+	4.57%
Corporation Bank	A1+	4.51%
Jammu & Kashmir Bank Ltd	A1+	2.86%
Dena Bank	A1+	2.86%
IDBI Bank Ltd	A1+	2.86%
Commercial Papers		52.10%
Coromandel International Ltd	A1+	5.70%
Ericsson India Pvt Ltd	A1+	5.69%
Piramal Healthcare Ltd	A1+	5.64%
Berger Paints India Ltd	A1+	4.55%
Tube Investments of India Ltd	A1+	3.98%
Fedbank Financial Services Ltd	A1+	2.84%
Aditya Birla Finance Ltd	A1+	2.84%
Cholamandalam Invt And Fin Co Ltd	A1+	2.83%
Tata Motors Finance Ltd	A1+	2.83%
Raymond Ltd	A1+	4.22%
Birla TMT Holdings Pvt Ltd	A1+	4.51%
Apollo Tyres Ltd	A1+	2.80%
Marico Ltd	A1+	1.40%
Century Textiles & Industries Ltd	A1+	1.40%
Aditya Birla Money Ltd	A1+	0.85%
Reverse Repo/Cash/Other Current Assets		6.49%
TOTAL		103.36%

Asset Allocation



Quantitative Indicators

Average Maturity

31 Days

Modified Duration

29 Days

Rating Profile

100.00%

A1+/AAA or equivalent

Dividend History - Monthly Option

Record Date	Face Value	NAV	Dividend/Unit
01-03-2012	₹ 1000	₹ 1007.6126	₹ 6.3406
03-04-2012	₹ 1000	₹ 1001.9208	₹ 1.9208
02-05-2012	₹ 1000	₹ 1008.3837	₹ 8.3837

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.

*CRISIL Disclaimer: A CRISIL credit quality rating on a bond fund reflects CRISIL's current opinion on the degree of protection offered by the rated instrument from losses related to credit defaults. It does not constitute an audit by CRISIL of the fund house, the scheme, or companies in the scheme's portfolio. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy, sell or hold the related scheme; it does not comment on the market price or suitability for a particular investor. All CRISIL ratings are under surveillance. CRISIL reserves the right to suspend, withdraw or revise its rating at any time, on the basis of any new information or unavailability of information or any other circumstances, which CRISIL believes may have an impact on the rating. For the latest rating information on any instrument of any company rated by CRISIL, please contact CRISIL RATING DESK at CRISILratingdesk@crisil.com or at (+91 22) 3342 3001- 09

INDIABULLS ULTRA SHORT TERM FUND

(An open-ended debt scheme)

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

Indicative Investment Horizon

1 month & above

Benchmark Index

CRISIL Liquid Fund Index

Date of Allotment

January 6, 2012

Nav as on 31 May 2012

Growth Option: ₹1041.4445
 Daily Dividend Option: ₹1000.1267
 Weekly Dividend Option: ₹1000.8104
 Fortnightly Dividend Option: ₹1000.0000
 Monthly Dividend Option: ₹1000.0000

Options

The Scheme offers the following options across a common portfolio:

- Growth and Dividend

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

STP/STP/SWP:

SIP/STP/SWP facilities are not available

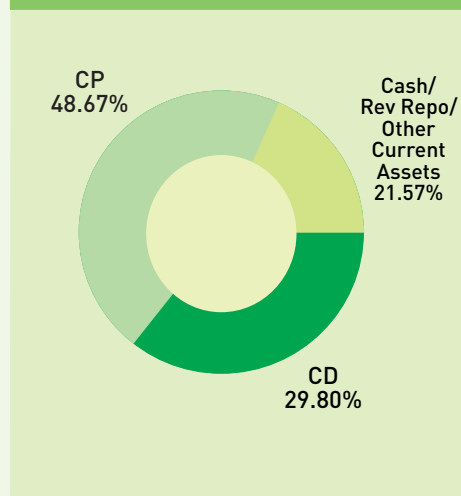
Avg. AUM for the quarter (March 2012)

₹ 49,594.61 Lakhs

PORTFOLIO

Name of Instrument/Issue	Rating	% of Portfolio	
Certificate of Deposits			29.80%
UCO Bank	A1+	13.55%	
Punjab National Bank	A1+	5.42%	
Corporation Bank	A1+	5.40%	
Allahabad Bank	A1+	5.43%	
Commercial Papers			48.67%
Coromandel International Ltd	A1+	13.52%	
Shriram Equipment Finance Company Ltd	A1+	13.52%	
Tube Investments of India Ltd	A1+	8.10%	
Berger Paints India Ltd	A1+	6.76%	
Supreme Industries Ltd	A1+	6.76%	
Reverse Repo/Cash/CBLO/Other Current Assets	Sov.	21.57%	21.57%
TOTAL			100.05%

Asset Allocation



Quantitative Indicators

Average Maturity

20 Days

Modified Duration

17 Days

Rating Profile

100.00%

A1+/AAA or equivalent

Dividend History - Monthly Option

Record Date	Face Value	NAV	Dividend/Unit
25-01-2012	₹ 1000	₹ 1005.2247	₹ 5.2247
27-02-2012	₹ 1000	₹ 1008.5198	₹ 8.5198
26-03-2012	₹ 1000	₹ 1007.4715	₹ 7.4270

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)

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.

Fund Details

Fund Manager

Mr. Aviral Gupta
Total Work Experience: 14 years

Mr. Amarjeet Singh
Total Work Experience: 26 years

Mr. Sumit Bhatnagar
Total Work Experience: 10 years

Benchmark Index

CNX Nifty

Date of Allotment

10 February 2012

NAV as on 31 May 2012

Growth Option: Rs.8.81

Dividend Option: Rs.8.81

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

STP/STP/SWP:

SIP/STP/SWP facilities are available

PORTFOLIO

Industry Allocation of Equity Holding

% of Net Assets

Banks	23.99
Consumer Non Durables	12.97
Software	11.75
Finance	10.55
Petroleum Products	9.96
Auto	8.42
Construction Project	5.28
Oil	3.21
Telecom - Services	2.94
Pharmaceuticals	2.82
Non - Ferrous Metals	2.49
Cement	1.66
Ferrous Metals	1.60
Industrial Capital Goods	1.37
Power	1.24
Construction	1.16

Top 10 Holdings - Company

Industry

% to NAV

Equity & Equity Related

ITC Ltd	Consumer Non Durables	9.59
Reliance Industries Ltd	Petroleum Products	8.85
Housing Development Finance Corporation Ltd	Finance	6.97
HDFC Bank Ltd	Banks	6.73
ICICI Bank Ltd	Banks	6.70
Infosys Ltd	Software	6.09
Larsen & Toubro Ltd	Construction Project	5.07
State Bank of India	Banks	4.30
Tata Consultancy Services Ltd	Software	4.02
Oil & Natural Gas Corporation Ltd	Oil	3.08
Top 10 Equity & Equity Related Holdings		61.40
Total Equity & Equity Related Holdings		98.62
Cash & Cash Equivalents and Net Current Assets		1.38
Grand Total		100.00

No Dividend has been declared in this month

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

Indiabulls Asset Management Company Limited

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