

## DEBT MARKET COMMENTARY

The interest rate market which remained guided by the growth and inflation numbers predominantly and traded in a narrow band, received a mild setback due to the failure of 2G auction giving rise to fiscal concern. Lower IIP, softer WPI and the announcement of OMO purchase by the central bank as the month drew to close saw some softening of yields.

The macro data trended on weaker trajectory with industrial output (IIP) for the September month recorded a negative growth for the first time in three months coming at -0.4% from 2.5% a year ago. Inflation number provided some respite as India's wholesale price index (WPI) rose slower-than-expected at 7.45% in October from 7.81% a month ago and market expectation of 7.96%. However, the upward revision of August number to 8.01% from provisional number of 7.55% remained a concern. The October CPI inflation failed to provide comfort, remaining high at 9.75%.

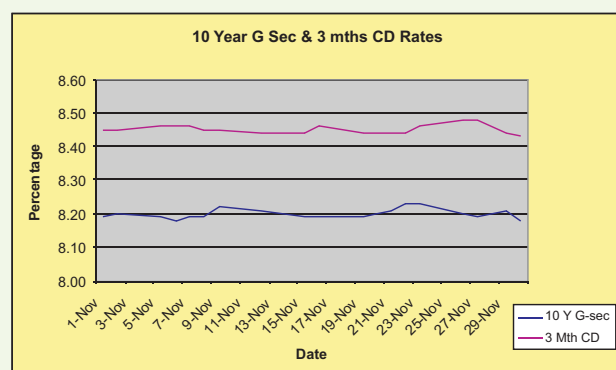
The pressure on India's current account continued as the slowdown in global demand was visible in the October trade data. Despite the rupee depreciation, the export contracted by 1.6% yoy to USD 23.2 bn while imports grew by 7.4% to USD 44.2bn resulting in a trade deficit of USD 20.9 bn. The GDP print of 5.3% in the 2nd qtr of FY13 came broadly in line with the expectation of 5.4% but a tad lower than the 1st qtr reading of 5.5%. This has been the third quarter in succession that the GDP growth has ranged between 5% and 5.5%.

The failure to mop up the targeted amount in the 2G auction to bridge the fiscal gap did little to dent the market sentiment. Lower IIP and inflation numbers reinforced the rate cut expectation in the upcoming December policy. The ten year benchmark which closed the previous month at a yield of 8.21% came down to trade in a very tight range of 8.18-8.20% for most part of the month. The absence of OMO announcement for a good part of the month saw the benchmark yield spike to 8.23% for a brief period. However, post the announcement of OMO purchase auction in the last week, the prices recovered with the ten year yield closing the month at 8.18%, down by 3bps. The AAA rated corporate bond also trended in similar fashion with 5 year and 10 year corporate bond yield closing the month in the range of 8.98-9.02%.

The liquidity condition remained tight throughout the month due to the festival season demand for cash. The impact of the same, however, remained muted on the short term CD rates. Against the previous month closing range of 8.44-8.48%, the rates in the three month CD maintained a tight range and closed the month in the range of 8.42-8.44%. The lack of demand for one year paper saw one year CD rates moving higher to close the month in the range of 8.70-8.75% against the previous month closing range of 8.55-8.60%.

The festival season tightening got reflected in the LAF borrowing figure which remained in excess of 1% of NDTL crossing Rs.1 lakh crore mark on several days. The market borrowed Rs. 17,20,060 crore under LAF in the month of November at a daily average of Rs. 92,047.8 crore.

During the month SEBI issued the circular allowing debt oriented schemes of mutual funds an additional exposure of 10% of net assets of the scheme in housing finance companies (HFCs) as part of financial services sector exposure. The move saw good buying in the securities issued by the finance services sector companies resulted in softening of yields.



## EQUITY MARKET COMMENTARY

India's second quarter GDP came in at 5.3%, in line with consensus expectations, but lower than the 5.5 percent growth in the previous quarter. Agriculture grew by 1.2 percent, reflecting the delayed monsoon and its impact on the summer crop. Industrial growth came in at 1.2 percent vs. an average growth of 0.8 percent in the last 3-quarters. Services sector (including construction) growth further declined to 7.1 percent from 7.4 percent in the previous quarter. However, gross fixed capital formation bounced back, raising 'green shoots' on economic recovery. Also, the eight core-industry growth has increased further to 6.5% in October 12 raising hopes further.

Fiscal deficit for first seven months of the fiscal came in at 71.6% of FY13 budget estimate, raising question marks on Government's revised fiscal deficit target to 5.3%. Trade deficit further widened to US\$21bn in October 12, higher than the US\$18bn in previous month, led by a 1.6 percent decline in exports even as imports grew by 7.4 percent. Overall, the macro situation remained mixed. With growth stagnating and inflation remaining sticky, RBI would be under pressure on easing rates in the coming quarters. We expect aggressive rate cuts of atleast 50bps H1 CY13.

Focus is now on economic reforms. Government's intent on aggressive implementation of direct cash transfer scheme strengthens its pro-reforms credentials. Also, winter session of Parliament is crucial; a number of important legislations are pending approval and it will be test of the government's ability to implement them. We would also be keenly watching the developments on setting up of National Investment Board. There are more than 100 projects each involving an investment of Rs 1,000 crore or more, awaiting various clearances. Speedy approvals to such projects can kick start the investment cycle and give fillip to our economic growth.

We remain optimistic on Indian equities based on our expectations of aggressive rate cuts and Government delivering on economic reforms and believe that India is a 'Buy on dips' market.

## 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

Raju Sharma  
Total work experience: 20 years

#### Benchmark Index

CRISIL Liquid Fund Index

#### Date of Allotment

25 October 2011

#### NAV as on 30 November 2012

Growth Option: ₹1109.1063  
Daily Dividend Option: ₹1000.0166  
Weekly Dividend Option: ₹1000.9302  
Monthly Dividend Option: ₹1006.7244

#### 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 25 September 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
<b>Certificate of Deposits</b>			
Karur Vysya Bank Ltd	CRISIL A1+	CRISIL A+	6.10%
Indusind Bank Limited	CRISIL A1+	CRISIL AA-	3.05%
Yes Bank Limited	[ICRA]A1+	[ICRA]AA	3.02%
ICICI Bank Ltd	[ICRA]A1+	[ICRA]AAA	2.99%
Oriental Bank Of Commerce	CRISIL A1+	CRISIL AAA	2.99%
Andhra Bank	CARE A1+	CARE AAA	1.52%
Central Bank Of India	CARE A1+	CARE AAA	1.52%
<b>Commercial Papers</b>			
Bajaj Finance Limited	[ICRA]A1+	[ICRA]AA+	6.10%
Aditya Birla Finance Ltd.	[ICRA]A1+	[ICRA]AA	6.07%
Indian Oil Corp Ltd	[ICRA]A1+	[ICRA]AAA	6.06%
Ashok Leyland Ltd	[ICRA]A1+	[ICRA]AA-	6.06%
GIC Housing Finance Ltd	[ICRA]A1+	[ICRA]AA+	6.01%
Fedbank Financial Services Ltd.	CRISIL A1+	CRISIL A+	4.56%
CESC Ltd	CARE A1+	CARE AA	4.55%
Raymond Ltd	CARE A1+	CARE AA	3.64%
Volkswagen Finance Pvt Ltd	Fitch A1+(ind)	Fitch AAA(ind)	3.04%
Deepak Fertilizers and Petrochemicals Corporation Ltd.	CARE A1+	CARE AA	3.03%
EXIM	CRISIL A1+	CRISIL AAA	3.02%
Deutsche Investments India Pvt. Ltd.	CRISIL A1+	CRISIL AA+	3.01%
Piramal Enterprises Limited	[ICRA]A1+	[ICRA]AA	3.01%
Blue Star Limited	CARE A1+	CARE AA+	2.73%
Marico Limited	CRISIL A1+	CRISIL AA	1.80%
GRUH Finance Ltd.	CRISIL A1+	CRISIL AA+	1.52%
Supreme Industries Ltd	CRISIL A1+	CRISIL AA-	1.52%
Kotak Mahindra Investments Ltd.	[ICRA]A1+	[ICRA]AA	1.52%
Tata Capital Housing Finance Ltd.	[ICRA]A1+	[ICRA]AA+	1.52%
Raymond Ltd	CARE A1+	CARE AA	1.52%
Cholamandalam Investment And Fin. Co. Ltd.	[ICRA]A1+	[ICRA]AA	1.50%
Blue Star Limited	CARE A1+	CARE AA+	1.22%
<b>Reverse Repo/Cash/CBLO/Other Current Assets</b>	SOV	SOV	5.81%
<b>TOTAL</b>			<b>100.00%</b>

### Quantitative Indicators

Average Maturity	Modified Duration	Gross YTM
28 Days	26.49 Days	8.47%

### Dividend History - Monthly Option

Record Date	Face Value	NAV	Dividend/Unit
03-09-2012	₹ 1000	₹ 1008.2106	₹ 8.2106
01-10-2012	₹ 1000	₹ 1006.6858	₹ 6.6820
01-11-2012	₹ 1000	₹ 1007.2289	₹ 7.2251

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.

### Rating Profile

100.00%

A1+

### Scheme Performance

Period	Indiabulls Liquid Fund (Growth Option)	Crissil Liquid Fnd Index (Scheme Benchmark)	Crissil 1 Yr T-Bill Index (Additional Benchmark)
Last 7 days till 30 November 2012	8.4026%	7.6187%	7.9485%
Last 15 days till 30 November 2012	8.4512%	7.6798%	7.7076%
Last 30 days till 30 November 2012	8.4564%	7.6534%	7.6053%
30 November 2011 till 30 November 2012	9.8622%	8.5634%	8.0519%
Since Inception (CAGR)	9.8585%	8.5653%	8.1905%
Since Inception (Value*) (INR)	11,091.06	10,949.81	10,903.19
NAV/ Index Value (as of 30 November 2012)	1109.1063	1,895.39	3495.29

\*Based on investment of Rs. 10,000 made at inception. All returns are for Growth Option only. Returns shown for 7 days, 15 days and 30 days are computed on simple annualised basis. Past performance may or may not be sustained in future.

Raju Sharma is also the Fund Manager for Indiabulls Ultra Short Term Fund. Since Indiabulls Ultra Short Term Fund has been in existence for less than one year as on 30 November 2012, past performance of the scheme has not been provided.

**\*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@crissil.com or at (+91 22) 3342 3001 - 09

## Indiabulls Ultra Short Term Fund

(An Open-ended Debt scheme)

Credit Risk Rating  
AAAmfs by CRISIL\*

### Fund Style

#### Credit Quality

High Mid Low


Interest Rate Sensitivity  
High  
Mid  
Low

### Fund Details

#### Fund Manager

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

#### Benchmark Index

CRISIL Liquid Fund Index

#### Date of Allotment

6 January 2012

#### NAV as on 30 November 2012

Growth Option: ₹1091.7026  
Daily Dividend Option: ₹1000.3784  
Weekly Dividend Option: ₹1001.2526  
Monthly Dividend Option: ₹1001.197

#### 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 25 September 2012.

#### Avg. AUM for the quarter (September 2012)

₹ 310.13 Crores

### 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.

### PORTFOLIO

Name of Instrument/Issue	Short Term Rating of Instrument	Long Term Rating of Issuer	% of Portfolio
<b>Certificate of Deposits</b>			
Punjab National Bank	CARE A1+	CARE AAA	8.13%
IndusInd Bank Ltd	CRISIL A1+	CRISIL AA-	4.15%
Axis Bank Ltd	CARE A1+	CARE AAA	4.06%
Axis Bank Ltd	CRISIL A1+	CRISIL AAA	0.02%
<b>Commercial Papers</b>			
Godrej & Boyce Mfg. Co. Ltd *	CRISIL A1+	CRISIL AA-	16.18%
Indian Oil Corporation Ltd	ICRA A1+	[ICRA]AAA	8.26%
Fedbank Financial Services Ltd	CRISIL A1+	CRISIL A+	8.24%
Piramal Enterprises Ltd	ICRA A1+	[ICRA]AA	8.15%
L&T Finance Holdings Ltd	CARE A1+	CARE AA+	8.11%
Supreme Industries Ltd	CRISIL A1+	CRISIL AA-	4.15%
Raymond Ltd	CARE A1+	CARE AA	4.14%
Blue Star Ltd	CARE A1+	CARE AA+	4.13%
CESC Ltd	CARE A1+	CARE AA	4.13%
Sundaram BNP Home Finance Ltd	CRISIL A1+	CRISIL AA+	4.08%
Cholamandalam Investment and Finance Company Ltd	ICRA A1+	[ICRA]AA	4.07%
Tata Teleservices (Maharashtra) Ltd	CARE A1+	CARE A+	4.04%
Shriram Transport Finance Company Ltd	CRISIL A1+	CRISIL AA	4.04%
Kotak Mahindra Investments Ltd	ICRA A1+	[ICRA]AA	3.93%
JM Financial Products Ltd	CRISIL A1+	CRISIL AA-	3.93%
Shoppers Stop Ltd	FITCH A1+	CARE A+	3.30%
<b>Reverse Repo/Cash/CBLO/Other Current Assets **</b>	SOV	SOV	-9.23%
<b>TOTAL</b>			<b>100.00%</b>

\* Primary market purchase pending allotment

\*\* Includes payable for primary market purchases

### Quantitative Indicators

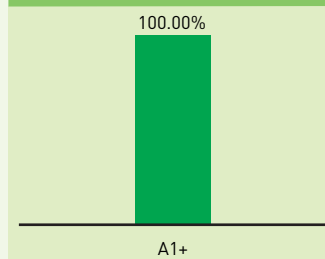
Average Maturity	Modified Duration	Gross YTM
67 Days	62.01 Days	8.93%

### Dividend History - Monthly Option

Record Date	Face Value	NAV	Dividend/Unit
25-09-2012	₹ 1000	₹ 1007.2589	₹ 7.2436
25-10-2012	₹ 1000	₹ 1008.0794	₹ 7.8350
26-11-2012	₹ 1000	₹ 1007.7938	₹ 7.5494

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.

### Rating Profile



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

### Fund Style

#### Investment Style

Growth Blend Value

			Capitalisation Large Medium Small

### Fund Details

#### Fund Manager

Sumit Bhatnagar - Associate Fund Manager  
Total Work Experience: 10 years

#### Benchmark Index

S & P CNX Nifty Index

#### Date of Allotment

10 February 2012

#### NAV as on 30 November 2012

Growth Option: ₹ 10.57

Dividend Option: ₹ 10.57

#### 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
Banks	23.02%
Consumer Non Durables	12.82%
Software	11.12%
Auto	8.43%
Petroleum Products	8.16%
Construction Project	5.39%
Finance	5.37%
Power	4.22%
Oil	3.89%
Pharmaceuticals	3.53%
Cement	2.64%
Telecom - Services	2.29%
Ferrous Metals	1.53%
Minerals/Mining	1.13%
Gas	1.05%
Industrial Capital Goods	0.97%
Construction	0.61%
Non - Ferrous Metals	0.59%

Top 10 Holdings - Company	Industry	% to NAV
<b>Equity &amp; Equity Related</b>		
ITC Ltd	Consumer Non Durables	8.60%
ICICI Bank	Banks	7.92%
Reliance Industries Ltd	Petroleum Products	7.57%
HDFC Bank Ltd	Banks	7.20%
Infosys Ltd	Software	6.20%
Larsen & Toubro Ltd	Construction Project	5.39%
Housing Development Finance Corporation Ltd	Finance	4.29%
Tata Consultancy Services Ltd	Software	3.79%
State Bank of India	Banks	3.22%
Hindustan Unilever	Consumer Non Durables	3.19%
<b>Top 10 Equity &amp; Equity Related Holdings</b>		<b>57.37%</b>
<b>Total Equity &amp; Equity Related Holdings</b>		<b>96.77%</b>
<b>Cash &amp; Cash Equivalents and Net Current Assets</b>		<b>3.23%</b>
<b>Grand Total</b>		<b>100%</b>

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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