



Annual Report 2009-10  
**Sundaram BNP Paribas Mutual Fund**



## Board of Directors of the Trustee Company

K.V.Ramanathan Chairman  
S.Viji  
R.Rajamani  
K.V.Krishnamurthy  
François Mouzay  
Martial Godet (Alternate to Mr. François Mouzay)

## Audit committee

R.Rajamani Chairman  
K.V.Krishnamurthy  
François Mouzay

## Statutory Auditors

Sundaram & Srinivasan  
Chartered Accountants  
23 C P Ramaswamy Road  
Alwarpet  
Chennai – 600 018

## Information Security

## Assurance Auditors

M/s. Tejas Brainware Systems (P) Ltd., Chennai

## Registered Office

21 Patulous Road  
Chennai – 600 002

## Annual Report 2009-10

**Schemes covered in the report:** Sundaram BNP Paribas Growth Fund, Sundaram BNP Paribas Tax Saver, Sundaram BNP Paribas Balanced Fund, Sundaram BNP Paribas Select Focus, Sundaram BNP Paribas Select Mid Cap, Sundaram BNP Paribas India Leadership Fund, Sundaram BNP Paribas S.M.I.L.E Fund, Sundaram BNP Paribas Select Thematic Funds Capex Opportunities-Dividend and Growth, Sundaram BNP Paribas Select Thematic Funds Rural India Fund, Sundaram BNP Paribas Select Small Cap, Sundaram BNP Paribas Equity Multiplier, Sundaram BNP Paribas Select Thematic Funds Energy Opportunities, Sundaram BNP Paribas Select Thematic Funds Entertainment Opportunities, Sundaram BNP Paribas Select Thematic Funds Financial Services Opportunities, Sundaram BNP Paribas Select Thematic Funds PSU Opportunities, Sundaram BNP Paribas Global Advantage, Sundaram BNP Paribas Money Fund, Sundaram BNP Paribas Ultra Short-Term Fund, Sundaram BNP Paribas Bond Saver, Sundaram BNP Paribas Flexible Fund Short-Term Plan, Sundaram BNP Paribas Flexible Fund Flexible Income Plan, Sundaram BNP Paribas Gilt Fund, Sundaram BNP Paribas Select Debt Short-Term Asset Plan, Sundaram BNP Paribas Select Debt Combined Asset Plan, Sundaram BNP Paribas Income Plus, Sundaram BNP Paribas Capital Protection Series 1-3 Years, Sundaram BNP Paribas Capital Protection Series 1-5 Years, Sundaram BNP Paribas Monthly Income Plan-Moderate Plan, Sundaram BNP Paribas Monthly Income Plan-Aggressive Plan and Sundaram BNP Paribas Monthly Income Plan-Conservative Plan.

## Investment Manager

**Sundaram BNP Paribas Asset Management Company Limited**  
Sundaram Towers, II Floor, 46 Whites Road, Chennai 600 014 India  
[www.sundarnbnpparibas.in](http://www.sundarnbnpparibas.in)

## Sponsors



**SUNDARAM FINANCE**

**Sundaram Finance Limited**  
21, Patullos Road, Chennai 600 002  
Phone : 044 28521181  
Fax : 044 28520456  
[www.sundaramfinance.in](http://www.sundaramfinance.in)



**BNP PARIBAS**  
ASSET MANAGEMENT

**BNP Paribas Asset Management**  
Registered Office: 1, boulevard  
Haussmann 75009 Paris  
France  
[www.bnpparibas-am.com](http://www.bnpparibas-am.com)

## Snapshot on Sponsors, Mutual Fund, Trustee Company and Investment Manager

**Sponsors:** Sundaram Finance and BNP Paribas Asset Management are the Sponsors of Sundaram BNP Paribas Mutual Fund. Sundaram BNP Paribas Asset Management Company Limited is a joint venture of Sundaram Finance Limited and BNP Paribas Asset Management.

**Sundaram Finance:** Sundaram Finance is India's leading non-banking finance company with a track record for more than 56 years. A strong player in the commercial vehicle and car finance segments, the Sundaram Finance Group's services range from automobile finance to home loans to mutual fund to insurance. Sundaram Finance now has over 425 offices, with presence in 21 states and 235 districts across the country, employee strength of over 4000 people and stands as one of the most trusted financial services provider in the country. The Sundaram Finance Group remains true to its core values of prudence, fairness, transparency and service excellence. It has an uninterrupted dividend record inception. The public deposit schemes of Sundaram Finance enjoy the highest investment grade rating from CRISIL and ICRA, signifying the degree of safety of depositors' funds. Sundaram Finance's commercial paper – a short-term instrument – also enjoys the highest investment grade rating from CRISIL. Sundaram Finance holds a 50.1% stake in the paid-up equity of Sundaram BNP Paribas Asset Management Company and Sundaram BNP Paribas Trustee Company.

**BNP Paribas Asset Management:** BNP Paribas Asset Management is BNP Paribas Investment Partners. BNP Paribas Asset Management plays a fundamental role within BNP Paribas Investment Partners. BNP Paribas Asset Management holds a 49.9% stake in the paid-up equity of Sundaram BNP Paribas Asset Management Company and Sundaram BNP Paribas Trustee Company.

**BNP Paribas Investment Partners:** BNP Paribas Investment Partners brings together the full palette of asset management expertise of the BNP Paribas group. Through a unique platform that offers immediate and simplified access to a broad range of specialist Partner companies BNP Paribas Investment Partners has become a leader in the European asset management industry. At 31 March 2010, assets under management amounted to 542 billion euros, nearly half of which was managed for institutional clients. With over 60 management teams across the world and more than 1,200 professionals, BNP Paribas Investment Partners draws on over half a century of asset management experience and has seen a decade of steady growth through acquisitions and joint-ventures. It has over 4,000 employees operating in 45 countries, the network of Partners provides clients with the most advanced and dedicated expertise in asset management today, blending excellence in client service and innovative solutions.

**Sundaram BNP Paribas Mutual Fund:** Sundaram BNP Paribas Mutual Fund was set up as a Trust on August 24, 1996. Sundaram BNP Paribas Mutual Fund was registered with SEBI on January 3, 1997. The mutual fund has Sundaram BNP Paribas Trustee Company Limited as a Trustee in accordance with the provisions of the Indian Trusts Act, 1882 and is duly registered under the Indian Registration Act, 1908. After the introduction of BNP Paribas Asset Management as the cosponsor of the Mutual Fund, the Trust Deed has been amended. The amended Trust Deed dated March 31, 2006 has been duly registered with the Sub-Registrar, Chennai, under Serial No. 193 of 2006. The Trustee has entered into an Investment Management Agreement dated August 24, 1996 with Sundaram BNP Paribas Asset Management Company Limited to function as the Investment Manager for all schemes of Sundaram BNP Paribas Mutual Fund.

**Sundaram BNP Paribas Trustee Company:** The Trustee is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unit holders. The Trustee has been discharging its duties and carrying out the responsibilities as provided in the SEBI Mutual Fund Regulations and the Trust Deed. The Trustee seeks to ensure that the mutual fund and the schemes are managed by the Sundaram BNP Paribas Asset Management, The Investment Manager, in accordance with the Trust Deed, SEBI Regulations, directions and guidelines issued by SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies. The Sponsors - Sundaram Finance and BNP Paribas Asset Management - have appointed Sundaram BNP Paribas Trustee Company Ltd as the Trustee vide an amended Trust Deed dated 31st March 2006.

**Sundaram BNP Paribas Asset Management Company:** Sundaram BNP Paribas Asset Management, the Investment Manager for Sundaram BNP Paribas Mutual Fund, is a public limited company, incorporated under the Companies Act, 1956. The paid-up capital is Rs.15.33 crore. It is a joint-venture between Sundaram Finance and BNP Paribas Asset Management. A focus on striving for consistent performance, adherence to transparent business practices and an unwavering commitment to investors are in a nutshell the ethos of the company at work. Sundaram BNP Paribas Asset management manages assets of Sundaram BNP Paribas Mutual Fund and also offers customized options through Sundaram BNP Paribas Portfolio Managers. Key strengths are an investment team with a combined experience in research and fund management of more than 175 years, and counting, ensure best-in-class portfolio management expertise for investors in our fund house. Rigorous compliance and risk management enhance comfort levels for our more than 2.34 million investors (in terms of folios). A well-defined bouquet of products caters to a variety of risk, return and liquidity preferences of investors across equity and fixed-income asset classes. Quality customer service is also the prime focus.

## Dear Investor

FY 10 has been a tepid year for equity funds and a year of restoration of assets in liquid/fixed-income funds.

**Ebb & flow with markets:** Hurt by the meltdown of 2008 and Q1 2009, investors continue to be cautious about equity as an asset class. This is in line with trends over the past 20 years when investor flows have tended to ebb and flow with the market trends. This is amply clear from the charts on the next page.

This type of behaviour can hurt investors over the long term, as they typically embrace equity in a big way in late stages of a bull market and shy away in a bearish phase. This effectively means buying more at highs and not buying at lows and selling at lows when exactly the reverse will stand investors in good stead.

Despite a sharp recovery from the lows of October 2008, markets continue to be well off peak levels across the world. This does mean a more prolonged holding period for investors who entered Indian equities in the second half of 2007 and early 2008.

**Macro-Backdrop & Investing:** The global financial crisis and its effect on economies continue to rumble even after four years from the official recognition of the woes.

The developed world appears set for a protracted period of low growth while emerging markets could grow at a higher pace, if they are able to enhance the domestic orientation. In this regard India is well placed.

In this backdrop, there is a need for investors to adopt a long-term perspective to overcome the effects of short-term volatility and expectations of returns will also have to be moderated, as in our view, it would be unrealistic to expect gains of the magnitude enjoyed by investors during 2003-2007 or from the lows of October 2008.

Owning a diversified portfolio that matches your expectations of return and liquidity as well as your risk preferences and adopting a long-term approach of at least five-to-ten years is the appropriate way to benefit from investments in the financial markets.

We seek your continued support and assure you of our commitment to quality products and services from Sundaram BNP Paribas Mutual Fund.

**Mutual Fund Industry Flow-Trends:** Gross mobilisation by the mutual fund industry during the year amounted to Rs. 1,00,19,023 crore as compared to Rs. 54,26,353 crore in FY 2009, a growth of 84.6%. The industry also witnessed a gross redemption of Rs. 99,35,942 crore representing 82.2% increase over the previous year's level of Rs. 54,54,650 crore. On a net basis, there was an Inflow of Rs. 83,081 crore in 2009-10; this was a significant improvement over the previous year which witnessed an outflow of Rs. 28,297 crore.

**Trend in fund house flows:** In the year 2009-10, Sundaram BNP Paribas Mutual Fund schemes mobilized a sum of Rs. 60,712 crore representing an increase of 48.04% over the previous year's mobilization of Rs. 41,012 crore.

The gross redemption from the schemes in this period was Rs. 62,113 crore as against the previous year's redemption amount of Rs. 39,871 crore, recording an increase in the redemptions to the tune of 55.78%. On a net basis, Sundaram BNP Paribas Mutual fund schemes witnessed an outflow of Rs. 1,401 crore, in 2009-10, as compared to the net Inflow of Rs. 1,141 crore recorded in the previous year 2008-09. This was mainly on account of outflows in the liquid/other short-term funds.

**Assets Under Management:** The Average Assets Under Management of Sundaram BNP Paribas Mutual Fund in the year ending March 31, 2010 was Rs. 13,878 crore, as compared to Rs. 9,267 crore for the previous year ending March 31, 2009. This represents a growth of about 50% over the previous year. The closing AUM as on March 31, 2010 was Rs. 12,770 crore. This represents a share of 2.08% of the mutual fund industry's assets of Rs. 6,13,979 crore. In equity, the fund house stays in the top 10; this is also true in terms of folios, indicating the retail orientation of Sundaram BNP Paribas Mutual Fund.

**Performance of Sundaram BNP Paribas Mutual Fund:** During FY 2010, the funds of Sundaram BNP Paribas Mutual Fund managed to stay in line with

the trends in the market. The large-cap funds stayed close to the benchmark in terms of returns. As they adhere to style integrity, they trailed the broad market, which was influenced by mid- and small-cap stocks significantly.

In a year that saw the mid- and small-cap space take off, the funds of Sundaram BNP Paribas Mutual Fund tracking this part of the market outpaced benchmarks (and peer group) by comfortable margins as is evident from the table on Track Record. This, yet again, showcased the class-leading ability of the fund house in the mid- and small-cap spaces.

The culmination was the selection by CRISIL of Sundaram BNP Paribas S.M.I.L.E Fund as the best in the mid- and small-cap category for the CNBC TV18-CRISIL Award. The fund bagged the ICRA Five-Stars Award for performance over a one-year and three-year period.

Sundaram BNP Paribas Select Mid Cap continues to be the highest-rated mid-cap fund by Value Research, a distinction that has been maintained for close to five years now.

Two new thematic funds launched in 2008 to track financial services and entertainment have performed well, benefiting from a conservative approach in 2008. This has helped them to be in the first quartile on a comparison with 320-plus funds, which were available on their launch dates for investors to consider.

Sundaram BNP Paribas Energy Opportunities has participated in the rally completely despite staying true to the theme in portfolio construction. It is an early quartile 2 performer among equity funds from its launch date. This is a creditable performance, especially as opportunities to participate in top performers in the recovery such as infrastructure and financial services stocks were limited for this fund.

Sundaram BNP Paribas Select Focus and Sundaram BNP Paribas Tax Saver – acclaimed and awarding winning funds in 2006, 2007 and 2008 – trailed benchmarks during the year on account of deep cash calls and more conservative portfolio positioning that meant lack of participation in the early stages of the rally since March 2009. The trail has, however, not impaired the impressive credentials over longer time periods of both the funds.

Sundaram BNP Paribas Tax Saver now sports a 10-year plus track record and is a top quartile fund across periods except the latest one year.

On the fixed-income side, Sundaram BNP Paribas Ultra-Short Term maintains a consistent trend and has been a top quartile performer since launch. We have repositioned two of our existing funds. Sundaram BNP Paribas Floating Rate Fund – Short Term Plan is now Sundaram BNP Paribas Flexible Fund – Short Term Plan. Following the shift, the fund has emerged as a top quartile performer and there has been sharp rise in fund size.

Sundaram BNP Paribas Floating Rate Fund – Long-Term Plan has been repositioned as Sundaram BNP Paribas Flexible Fund – Flexible Income Plan, a dynamic fund. Given its low fund size, we are in the process of improving the performance. Small size is a constraint, which we expect to overcome in the years ahead.

During the year, Sundaram BNP Paribas Mutual Fund launched the sixth fund in its Select Thematic Funds umbrella. Sundaram BNP Paribas PSU Opportunities – dedicated to track PSU stocks – received an encouraging response with a fund size of Rs 499 crore mobilised during the New Fund Offer Period.

Annexure A summarizes the investment objective, asset allocation and performance of the schemes. The Revenue Account of the Sundaram BNP Paribas Mutual Fund schemes for the year up to March 31, 2010 and the Balance Sheet as of that date are also an integral part of this report.

The fund house continues to invest in building its in-house research skills as well as contemporary trading and monitoring systems for the fund managers, dealers and compliance. This will be the key focus area on a continuous basis, as it is critical to handle investor funds with optimum skill sets and responsibility.

**Outlook:** As of March 2010, the Indian markets can be broken into two buckets from a valuation perspective – large-cap stocks that are fairly valued relative to their current level of earnings and mid- and small-cap stocks that are cheap across several parameters. We think there could be a fairly

prolonged time correction for the large-cap stocks rather than absolute price correction. Hence short-term returns may prove to be elusive.

We remain cautious on markets in 2010 in the India context and are fairly confident of its performance in FY 2011 and beyond. Our concern is lower growth and margin compression eroding earnings growth and hence resulting in a correction. We are seeing this trend in the cement and telecom sector and in some other sectors as well. In cement, fresh capacities are also being added and while the industry is confident of maintaining pricing power, it will be difficult in an era of lower capacity utilisation.

Hence our central thesis for this year is one of cautious look out for opportunities-identify good companies with robust earnings growth and buy them at attractive prices. There can be no substitute for this common sense.

FII flows will remain volatile on account of the global uncertainties. Indian markets remain very dependent on FII inflows as domestic savings in equities has declined significantly on account of new marketing procedures in mutual funds and insurance policies. While there is a growing consensus on the longer-term prospects of Indian companies, the relatively higher valuation is delaying inflows.

We also remain worried on the amount of equity issuances that will take place globally as companies try to repair their balance sheets. China and India will continue to remain capital hungry markets and any change in risk perception could dent market sentiments sharply.

On a medium-term perspective, we are more optimistic. We think India is becoming a more favoured destination, as money moves from some of the mature markets to India.

Infrastructure development, although slow, will continue to become a larger theme in the private sector. We are also positive on the consumption theme which will play an integral role in economic development as better infrastructure is rolled out. While markets are expensive on a short-term basis, they are not, when adjusted for the growth potential.

We therefore recommend that investors continue to increase their equity exposure during this period of consolidation. Thanks to the slow rate of development in India, the potential for growth is larger and likely for a longer period. That is an opportunity for investors, as corporate profitability will be more secular and remain so longer rather than getting competed away.

**The Wise Investor:** For a more detailed view of the outlook on markets, global economy and Indian economy, please read The Wise Investor available at [www.sundarambnpparibas.in](http://www.sundarambnpparibas.in) and The Market Outlook. We are happy to inform you that The Wise Investor, a publication of the fund house is now mailed in printed form to 4 lakh investors, reaches another 4 lakh investors by e-mail (the soft copy version is an expanded 36-page version with deeper views and analysis) and is also available online at [www.sundarambnpparibas.in](http://www.sundarambnpparibas.in).

**Investment Approach:** As always, we wish to emphasise that realistic expectation of return aligned to long-term trends and long-term horizon is important for wealth creation.

**Regulatory framework:** The last year has been a period of the most significant changes in the regulatory framework for mutual funds in India. SEBI has been active in tilting the framework in favour of investors in a pronounced manner. A few of the notable initiatives are:

- At the first stage, abolition of entry load for direct investment in the mutual fund and then abolition of entry load as a concept for all investment in mutual funds;
- Introduction of a system of commissions that are paid to distributors by investors and not by the mutual fund;
- Intervention to prevent a hike in exit loads by mutual funds;
- Tightening of the regulations for liquid funds;
- Clarity on calculation of distributable surplus for payment of dividend;
- Enhanced disclosures, especially of portfolio information at the website of the fund house and at [www.amfiindia.com](http://www.amfiindia.com)
- Publication of information on investor base of different fund houses;

- Enhanced level of distributor-level compliance requirements;

**Investor Services:** The investor base of the fund house based on number of folios has marginally risen from 2.25 million in 2008-09 to 2.34 million in 2009-10 indicating increased retail participation and continued confidence reposed by investors in the fund management expertise. Sundaram BNP Paribas Asset Management, the investment manager has enhanced the focus on mobilizing funds through the Systematic Investment Plan route. During the year, the Investment Manager opened 11 branches and closed 9 branches, taking the total number of branches to 57 as at the year end. The Investment Manager has enhanced the manpower devoted to customer service as a key thrust area. It is also investing in technology-based service enhancements and an online investment facility is now available at [www.sundarambnpparibas.in](http://www.sundarambnpparibas.in). As required by SEBI regulations, a summary of dealing with investor grievances and voting policy are attached as part of this report.

**Board of Directors:** The Board of Directors of the Trustee Company is vested with general power of superintendence, direction and management of the affairs of Sundaram BNP Paribas. Sundaram BNP Paribas Asset Management acts as the Investment Manager of the schemes of Sundaram BNP Paribas Mutual Fund.

The Board of Directors of the Trustee Company monitors and reviews the work of the investment Manager to ensure that functions assigned are carried out in line with the Investment Management Agreement, SEBI Mutual Fund Regulations and other laws in force. During the year under review, six meeting of the of Board of Directors of the Trustee were held.

**Audit Committee:** The Statutory Auditor, the Internal Auditor, the Concurrent Auditor, the Managing Director, the Compliance Officer & Secretary and the Chief Financial Officer Sundaram BNP Paribas Asset Management are invited to the meetings of the Audit Committee.

During the year, the Audit Committee met four times to review the financial accounts/policies and adequacy of internal control systems; the committee interacted with the Statutory Auditors, Internal Auditors, Concurrent Auditors and the Systems Auditors. Besides, the Committee reviewed audit plans, unaudited/audited financial results of the Schemes, responses to the queries of auditors/regulator and follow-up actions initiated by the management.

**Liability and Responsibility of the Sponsor and Trustee Company:** The Sponsors – Sundaram Finance and BNP Paribas Asset Management - are not responsible or liable for any loss resulting from the operation of the schemes of the Fund beyond the initial contribution of Rs.1 Lakh for setting up the Fund. The price, redemption value and income of the units can rise or decline based on fluctuations in market value of its underlying investment.

**Complete Annual Report:** The full Annual Report of the Scheme is available at [www.sundarambnpparibas.in](http://www.sundarambnpparibas.in) as well as for inspection at the Head Office of Sundaram BNP Paribas Mutual Fund. Present and prospective investors can obtain a copy of the trust deed, the Annual Report & text of the relevant Scheme on payment of the stipulated price. The unit holders of the schemes, if they desire, may request for the Annual Report of the Asset Management Company.

**Significant Accounting Policies:** Accounting Policies are in accordance with Securities and Exchange Board of India (Mutual Fund) Regulations, 1996.

**Unclaimed Dividend & Redemption:** The details are available in the respective reports of each scheme.

**Appreciation:** The Board of Directors of Sundaram BNP Paribas Trustee Company would like to thank the Securities and Exchange Board of India, the Reserve Bank of India and the Association of Mutual Funds in India for their guidance and support. The Trustee Company also thanks the investors, Sponsors, Investment Manager, bankers, channel partners and service providers for their continued support and cooperation.

The Trustee Company places on record its appreciation of the professionalism, dedication and commitment displayed by the management and employees of the Sundaram BNP Paribas Asset Management (Investment Manager).

For and on behalf of the Board of Directors  
**K V Ramanathan**  
Chairman

Place: Chennai  
Date: June 25, 2010

# Annexure A - Investment objective, Asset Allocation and Performance

## Sundaram BNP Paribas Growth Fund

**Fund Type:** Open-End Equity Scheme

**Investment Objective:** To achieve capital appreciation by investing predominantly in equities and equity-related instruments.

The Scheme does not guarantee / indicate any returns.

**Asset Allocation:** • Equity and equity-related instruments: up to 95% • Debt instruments including securitised Debt: up to 35% • Money market instruments up to 25 Exposure in derivative shall not exceed 25% of the portfolio. The Scheme may invest up to 35% of the net assets in overseas securities.

**Fund Manager:** J Venkatesan

**Performance & Outlook:** Sundaram BNP Paribas Growth Fund has now completed 13 years since launch. The fund has provided compounded annual returns of 20.9% since launch in April 1997, outpacing its benchmark, the BSE 200 by 6.0 percentage points. The portfolio of the scheme is well diversified with a distinct bias towards large-cap stocks. The fund strives to provide returns that are consistently in line with the broad market and seeks to achieve superior returns than the benchmark through stock selection. An investment of Rs 1,000 every month using a Systematic Investment Plan since launch was worth Rs 7.71 lakh as of March 31, 2010. Sundaram BNP Paribas Growth Fund is appropriate for investors who seek a diversified equity fund.

## Sundaram BNP Paribas India Leadership Fund

**Fund Type:** Open-End Equity Scheme

**Investment Objective:** To achieve capital appreciation by investing in select stocks of companies. The leaders are identified as top 2/3 companies in any sector/sub-sector in terms of net revenue or total income.

The Scheme does not guarantee / indicate any returns.

**Asset Allocation:** • Leadership Stocks: 65%-100% • Stocks of conglomerates and potential leaders (including ADRs and GDRs): Not exceeding 35% • Equity futures & options, including those of indices: not exceeding 25% of underlying contract value • Money market instruments: not exceeding 15%. Exposure in derivative shall not exceed 25% of the portfolio. The Scheme may invest up to 35% of the net assets in overseas securities.

**Fund Manager:** J Venkatesan

**Performance & Outlook:** Sundaram BNP Paribas India Leadership fund was launched in July 2004 to invest in leaders and emerging leaders in any sector. The fund has provided compounded annual returns of 26.0 % since launch. An investment of Rs 1,000 every month using a Systematic Investment Plan since launch was worth Rs 1.12 lakh as of March 31, 2010. The fund has been restructured to own blue-chip names in the large cap category. The positioning as a diversified large-cap fund owning blue-chip names coupled with active sector bets, active stock bets and cash calls will be maintained to provide investors the comfort of style integrity.

## Sundaram BNP Paribas Select Focus

**Fund Type:** Open-End Equity Scheme

**Investment Objective:** To achieve capital appreciation by investing in a very few select stocks.

The Scheme does not guarantee / indicate any returns.

**Asset Allocation:** • Equity instruments (including ADRs and GDRs): 75%-100% • Equity futures & options including those of indices: Not exceeding 25% • Cash, cash equivalents, money market instruments: Not exceeding 25%. Exposure in derivative shall not exceed 25% of the portfolio. The Scheme may invest up to 35% of the net assets in overseas securities.

**Fund Manager:** Srividhya Rajesh

**Performance & Outlook:** Sundaram BNP Paribas Select Focus is a pure, concentrated large-cap fund. It owns no more than 30 stocks in the portfolio. The fund has provided compounded annual returns of 31.9 % since launch in July 2002, outpacing its benchmark, the S&P CNX Nifty by 7.2 percentage points. Investment of Rs 1,000-a-month using a Systematic Investment Plan since launch was worth Rs 2.63 lakh as of March 31, 2010. Sundaram BNP Paribas Select Focus is appropriate for all investors who seek a large-cap fund.

## Sundaram BNP Paribas Select Mid Cap

**Fund Type:** Open-End Equity Scheme

**Investment Objective:** The objective of the scheme is to achieve capital appreciation by investing in diversified stocks that are generally termed as mid-caps.

The Scheme does not guarantee / indicate any returns.

**Asset Allocation:** • Equity instruments (including ADRs and GDRs) 75%-100% • Equity Futures & Options including those of indices: Not exceeding 25%(underlying contract value) • Cash, cash equivalents, money market instruments: not exceeding 25%. Exposure in derivative shall not exceed 25% of the portfolio. The Scheme may invest up to 35% of the net assets in overseas securities.

**Fund Manager:** Satish Ramanathan

**Performance & Outlook:** Sundaram BNP Paribas Select Mid Cap is a well diversified mid-cap fund. It was the first pure mid-cap fund launched in India. The fund has stayed true to its mid -cap mandate since launch. Sundaram BNP Paribas Select Mid Cap enjoyed a four-star rating from Value Research as of March 31, 2010. This is a class-leading rating since no other pure midcap fund has a better rating. The fund has provided compounded annual return of 40.3% since launch in July 2002 outpacing the BSE Mid Cap Index by 11.4 percentage points on an annual basis. An investment of Rs 1,000 every month using a Systematic Investment Plan since launch was worth Rs 3.7 lakh as of March 31, 2010. The fund is suitable for investors who are willing to participate in the riskiness that is inherent in the mid cap stocks.

## Sundaram BNP Paribas S.M.I.L.E. Fund

**Fund Type:** Open-End Equity Scheme

**Investment Objective:** To primarily achieve capital appreciation by investing in diversified stocks that are generally termed as small and mid-caps and by investing in other equities.

The Scheme does not guarantee / indicate any returns.

**Asset Allocation:** • Equity instruments – small-cap and mid-cap stocks (including investments in ADRs and GDRs): At least 65% • Other Equities (including investment in ADRs and GDRs): Not exceeding 35% • Equity Futures & Options including those of indices: Not exceeding 25% • Money market instruments: Not exceeding 15%. Exposure in derivative shall not exceed 25% of the portfolio. The Scheme may invest up to 35% of the net assets in overseas securities..

**Fund Manager:** S Krishnakumar

**Performance & Outlook:** Sundaram BNP Paribas S.M.I.L.E. fund was launched in February 2005. S.M.I.L.E denotes Small and Medium Indian Leading Equities. The fund maintains its tilt towards mid- and small-cap stocks with the cushion of an up-to-35 per cent allocation to the large-cap space: an enabler to handle periods of volatility and to provide liquidity. The fund has won the Best Small & Mid Cap Fund 2009 of CNBC TV18-CRISIL. The fund has also won ICRA Five-Star Fund for its three-year track record and one-year track record for the period ending 2009. This multi-cap fund has provided a compounded annualized return of 24.7 % since launch outpacing the CNX Midcap Index by 4.3 percentage points on an annual basis. The fund is appropriate for investors with a predominant investment already in large-cap category. The mid- and small-cap exposure is between 75% and 80 % on an average and a large-cap exposure of 20%-35% help reduce risk to an extent and improve liquidity.

## Sundaram BNP Paribas Select Small Cap

**Fund Type:** Closed-End Equity Scheme

**Investment Objective:** The primary investment objective of the scheme is to generate consistent long-term returns by investing predominantly in equity/equity related instruments of companies that can be termed as "smallcaps".

**Asset Allocation:** • Equity and equity-related securities of small caps 65%-100% • Other Equities 0-35%, • Fixed Income and Money Market Securities 0-35%. • The Scheme may invest up to 35% of the net assets in overseas securities.

**Fund Manager:** Satish Ramanathan

**Performance & Outlook:** Sundaram BNP Paribas Select Small Cap is a play on entrepreneurship in India as it invests in small-cap stocks that have the potential to grow. Considering the riskiness, lack of liquidity and the basic nature of the small-cap stocks, Sundaram BNP Paribas Select Small-Cap was launched as a five-year closed-end fund. The fund fared well during the year of its launch by providing a return of 52 per cent as of December 2007. It suffered in the last quarter of FY 2008, as stock prices corrected sharply and small-cap stocks took a more pronounced hit but losses were curtailed due to active cash call up to 30 percentage of and further 15% is in defensives such as consumer products and healthcare. This helped contain the damage through 2008. The fund as of March 2010 has provided a compounded annualized return of 6.1% since launch.

## Sundaram BNP Paribas Equity Multiplier

**Fund Type:** Closed-End Equity Scheme

**Investment Objective:** The objective of the scheme would be to seek capital appreciation by investing in equity & equity related instruments.

The Scheme does not guarantee / indicate any returns.

**Asset Allocation:** • Equity and Equity-related instruments - 65%-100% • Debt instruments including securitised debt (upto30%) • Money Market Instruments - 0-35%. • The Scheme may invest up to 35% of the net assets in overseas securities.

**Fund Manager:** Satish Ramanathan

**Performance & Outlook:** Sundaram BNP Paribas Equity Multiplier was launched in February 2007. The fund is basically a go-anywhere fund investing across market caps and sectors it adopts a concentrated strategy with flexibility to invest in a maximum of forty stocks. It was launched as a three-year closed-end fund. The fund became an open-end scheme from February 10, 2010. The portfolio had a large-cap tilt in 2008-09, though the fund can invest across the cap curve. The fund is actively managed and a combination of cash calls and allocation to defensive sectors and stocks helped contain the damage during the sharp decline in equity prices in 2008. The fund has endeavored to deliver value over the long term.

## Sundaram BNP Paribas Tax Saver

**Fund Type:** Open-End Equity Scheme

**Investment Objective:** To achieve capital appreciation by investing predominantly in equities and equity-related instruments. A three-year lock-in period shall apply in line with the regulation for ELSS Schemes. The Scheme does not guarantee / indicate any returns.

**Asset Allocation:** • Equity & equity-related instruments: 80-100% • corporate and PSU Bonds Up to 20% • Money market instruments: Up to 20%.

**Fund Manager:** Satish Ramanathan

**Performance & Outlook:** Sundaram BNP Paribas Tax Saver is an ELSS (Equity-Linked Savings Scheme) with a three-year lock in period. In its over-ten years of existence, the fund sports attractive compounded annual returns of 22.5 per cent since launch in November 1999 outpacing its benchmark, BSE 200 by 7.4 percentage points. The fund qualifies as an eligible investment for the Rs 1 lakh-limit under Section 80C of the Income Tax Act. An investment of Rs 1,000-a-month using a Systematic Investment Plan since launch was worth Rs 5.98 lakh as of March 31, 2010. Sundaram BNP Paribas Select Mid Cap enjoyed a four-star rating from Value Research as of March 31, 2010.

## Sundaram BNP Paribas Balanced Fund

**Fund Type:** Open-End Equity Scheme

**Investment Objective:** To generate capital appreciation and current income, through a judicious mix of investments in equities and fixed-income securities. The Scheme may invest up to 35% of the Net Assets in Overseas Securities.

The Scheme does not guarantee / indicate any returns.

**Asset Allocation:** • Equity and Equity Linked instruments: 40%-75% • Fixed Income instruments: 25%-60%, including securitised debt up to 10%

**Fund Manager:** Satish Ramanathan

**Performance & Outlook:** Sundaram BNP Paribas Balanced Fund is a fund suitable in all market phases. When there is a sudden burst of volatility, the fund ensures bit of capital appreciation and steady income stream as it invests in both the equity and the fixed income market. The fund will invest at least 40-75 per cent of the funds in equity portfolio and it is usually only large cap names. A focused approach in the fixed income portfolio will also optimise returns. The fund will be suitable for investors who want to have a clear allocation between the equity and fixed income. The fund has now completed 10 years. The fund has delivered compounded annual returns of 16.5 % since launch in June 2000.

# Annexure A - Investment objective, Asset Allocation and Performance

## Sundaram BNP Paribas Select Thematic Funds CAPEX Opportunities Fund

**Fund Type:** Open-End Equity Scheme

**Investment Objective:** The primary investment objective of the scheme is to generate consistent long-term returns by investing predominantly in equity/equity-related instruments of companies in the capital goods sector.

The Scheme does not guarantee / indicate any returns.

**Asset Allocation:** • Equity & equity-related securities of companies in capital goods sector (including investments in ADRs and GDRs): 70%-100% • Other equities (including investment in ADRs and GDRs) 0%-30% • Money market instruments: 0%-15%. Sundaram BNP Paribas Capex Opportunities Fund has two separate portfolios for Dividend and Growth Options. Exposure in derivative shall not exceed 25% of the portfolio. The Scheme may invest up to 35% of the net assets in overseas securities.

**Fund Manager:** Srividhya Rajesh

**Performance & Outlook:** Sundaram BNP Paribas Capex Opportunities is a Select Thematic Fund focusing on the robust capital spending by India Inc. and the thrust on infrastructure. The unique feature is that, the fund focuses on the suppliers goods and services to the capex & infrastructure spenders. The fund invests across market-cap categories with a large-cap tilt at the top end of the portfolio. The fund might under perform its benchmark BSE Capital Goods Index; the benchmark is heavily influenced by five stocks that account for about 80 % of the index market cap. A more relevant comparison will be with a broad market index such as the S & P CNX 500 Index. The fund has separate portfolios for Dividend Option and Growth Option. The theme is uniquely positioned to capitalise on the investment story in India.

## Sundaram BNP Paribas Select Thematic Funds Energy Opportunities

**Fund Type:** Closed-End Equity Scheme

**Investment Objective:** The objective of the Scheme would be to seek long term capital appreciation by investing primarily in the equity and equity related instruments of companies in the domestic market that predominantly focus on or benefit from, directly or indirectly, the opportunities and developments in the energy sector.

**Asset Allocation:** • Equity and equity-related instruments in the targeted theme 65-100% • Equity and equity-related instruments that are outside the theme 0-35% • Treasury Bills, CBLO, Reverse Repo: 0-15%.

**Fund Manager:** S Krishnakumar

**Performance & Outlook:** Sundaram BNP Paribas Energy Opportunities is a Select Thematic Fund that was launched in the last quarter of 2007 and allotted on January 1, 2008. The fund focuses on the emerging energy landscape in India. The fund is closed-end for three years. The portfolio is adequately biased towards large-cap stocks while maintaining a reasonable exposure to mid and small-cap stocks. Investment is spread across resources, enablers, providers of capital goods/services and likely beneficiaries. The benchmark BSE Oil and Gas Index is also skewed and hence performance should be compared with a broad market index such as the S & P CNX 500 Index to get a superior perspective. This is also appropriate since the fund will invest across the cap curve with a bias towards large-cap stocks in the resources category. The fund house remains positive on the long-term prospects of the energy theme.

## Sundaram BNP Paribas Select Thematic Funds Rural India Fund

**Fund Type:** Open-End Equity Scheme

**Investment Objective:** The primary investment objective of the scheme is to generate consistent long-term returns by investing predominantly in equity/equity-related instruments of "Companies that are focussing on Rural India".

The Scheme does not guarantee / indicate any returns.

**Asset Allocation:** • Equity & equity-related securities of companies that are focusing on Rural India (including investment in ADRs and GDRs): 70%-100% • Other equities (including investment in ADRs and GDRs): 0%-30% • Money market instruments 0%-15%. The Scheme may invest up to 35% of the net assets in overseas securities. The fund may also invest in equity and equity-related instruments listed in overseas markets as well as overseas funds/ETFs that invest in or track agri-commodity stocks. The scheme will not invest in funds/ETFs that have direct exposure to commodities.

**Fund Manager:** J Venkatesan

**Performance & Outlook:** Sundaram BNP Paribas Rural India Fund is a Select Thematic Fund focusing on prospects emerging from rising rural prosperity in India. The fund's focus is not just confined to agriculture but covers a range of sectors that could benefit from the rural transformation story in India. The fund has a well diversified portfolio with investment across market-cap category and sectors. In its first full year of existence in 2007, the fund was one of the three nominees for the Best Emerging Fund Award of CNBC TV18-CRISIL. The agri-theme holds promise and the portfolio seeks to play the theme in a dedicated manner. The rural theme has become more robust over the past few years with increase in agri-commodity prices.

## Sundaram BNP Paribas Select Thematic Funds Financial Services Opportunities

**Fund Type:** Open-End Equity Scheme

**Investment Objective:** The investment objective of the scheme is to seek long-term capital appreciation by investing predominantly in equity and equity related securities of Indian companies engaged in the banking and financial services

The Scheme does not guarantee / indicate any returns.

**Asset Allocation:** • Equity & equity-related instruments of predominantly Indian companies relevant to the theme 65%-100% • Equity & equity-related instruments outside the theme 0%-35% • Fixed Income and Money Market instruments 0%-15%. The Scheme may invest up to 35% of the net assets in overseas securities.

**Fund Manager:** J Venkatesan

**Performance & Outlook:** Sundaram BNP Paribas Financial Services Opportunities Fund, is a Select Thematic Fund focusing on opportunities in the banking and financial services. The fund may invest outside the theme: up to 35%; Investment outside the theme. This is a high-risk, high return product appropriate for investors with a time horizon of three-to-five years. Sundaram BNP Paribas Financial Services Opportunities Fund has completed two years in June 2010 and it has so far outpaced the broad based Index by a comfortable margin. The fund sports an compounded annual return of 31.8% as on March 31, 2010. The cautious approach to deploying the money and stock selection has helped performance.

## Sundaram BNP Paribas Select Thematic Funds Entertainment Opportunities

**Fund Type:** Open-End Equity Scheme

**Investment Objective:** The objective of the Scheme would be to achieve long term capital appreciation by investing primarily in the equity and equity related instruments of companies that focus on opportunities in the entertainment business.

The Scheme does not guarantee / indicate any returns.

**Asset Allocation:** • Equity & equity-related instruments in the targeted sector/theme 65%-100% • Equity & equity-related instruments other than the targeted sector/theme 0%-35% • Fixed Income and Money Market instruments 0%-15%. The Scheme may invest up to 35% of the net assets in overseas securities.

**Fund Manager:** Satish Ramanathan

**Performance & Outlook:** Sundaram BNP Paribas Entertainment Opportunities Fund, is a Select Thematic Fund focusing on opportunities in the entertainment business. The portfolio is intended to be largely centred on the entertainment opportunities theme, but it now has an allocation outside the theme within the permitted limits of up to 35%. This is a high-risk, high return product appropriate for investors with a time horizon of three-to-five years. Sundaram BNP Paribas Entertainment Opportunities Fund has completed two years in June 2010 and it has so far outpaced the broad based Index by a comfortable margin. The fund also paid a dividend of 10% despite the weak markets in 2008 and also a second dividend in March 2010. The cautious approach to deploying the money and stock selection has helped performance.

## Sundaram BNP Paribas Select Thematic Funds PSU Opportunities

**Fund Type:** Open-end equity scheme

**Investment Objective:** Seek capital appreciation by investing in equity and equity-related securities of public sector companies to the extent of at least 65%. The fund may also invest in bonds and other fixed-income instruments issued by public sector entities. Under normal circumstances, cash may be deployed in fixed income and money market instruments. Exposure to overseas securities shall not exceed 35% of assets and shall be only related to the theme.

The Scheme does not guarantee / indicate any returns.

**Asset Allocation:** • Equity and equity-related instruments in the targeted theme: 65%-100% • Equity and equity-related instruments outside the targeted theme: 0%-35% • Fixed -income and money-market instruments: up to 35%. Investment in Equity & equity-related Instruments other than the targeted sector/theme will be in Indian securities and large-cap stocks from S&P CNX Nifty. Exposure to securitised debt shall not exceed 50% of the limit indicated for fixed income and money market instruments. Investment in overseas securities shall be up to 35% of the net assets of the scheme. Exposure to derivatives shall be up to 50% of the net assets of the scheme.

**Fund Manager:** J Venkatesan

**Performance & Outlook:** Sundaram BNP Paribas PSU Opportunities Fund, is a Select Thematic Fund focusing and investing in public sector companies. PSU means companies where the Central or the State Government has majority share holding or management control or has powers to appoint majority of Directors. The fund has leeway to have exposure to overseas securities up to 35% but shall only be related to the theme. Sundaram BNP Paribas PSU Opportunities Fund was launched in January 2010 and has completed only six months as of June 2010.

## Sundaram BNP Paribas Global Advantage

**Fund Type:** Open-End Fund of Funds Scheme

**Investment Objective:** To achieve capital appreciation by investing in units of overseas mutual funds and exchange traded funds, domestic money market instruments. Income generation may only be a secondary objective.

The Scheme does not guarantee / indicate any returns.

**Asset Allocation:** • Units of Mutual funds and exchange-traded funds listed on overseas stock exchanges 85%-100% • Domestic money market instruments 0%-15%

**Fund Manager:** J Venkatesan

**Performance & Outlook:** Sundaram BNP Paribas Global Advantage, launched in September 2007, is a fund-of-funds investing in emerging markets, real estate and commodities; it invests in asset classes such as real estate and commodity through funds that own stocks of real estate and commodity companies and it does not invest directly in real estate or commodities. In the emerging markets category, the fund invests in Asia, Europe and Latin America. The allocation is decided based on the outlook of different markets by the fund advisor, FundQuest, a part of the BNP Paribas Investment Partners. This fund is appropriate as a vehicle of diversification for investors who already have a sizeable equity portfolio in India. Sundaram BNP Paribas Global Advantage has completed two and a half years and has so far outpaced its benchmark.

## Sundaram BNP Paribas Money Fund

**Fund Type:** Open-end liquid scheme

**Investment Objective:** The main objective is to provide a level of income consistent with the preservation of capital, liquidity and lower level of risk, through investments made primarily in money market and debt securities. The aim is to optimize returns while providing liquidity.

The Scheme does not guarantee / indicate any returns.

**Asset Allocation:** • Money Market Investments, debt securities (including securitised debt up to a maximum of 50% of the net asset value of the scheme) 0% - 100%. The scheme shall invest in debt and money market securities with maturity of up to 91 days only.

**Fund Manager:** K Ramkumar

**Performance & Outlook:** Sundaram BNP Paribas Money Fund is an appropriate investment avenue to deploy surplus funds for short-term. The investment objective is to offer steady returns, preservation of capital, liquidity and lower level of risk. The portfolio will comprise largely of money-market instruments and short-term papers. The portfolio is tailored to capture the prevailing interest rates and hence it will invest only in short-term papers with duration of maximum of 91 days. The fund invests around 50-70 per cent in commercial deposits and Certificate of Deposits, hence the liquidity for is also very high.

## Sundaram BNP Paribas Ultra Short-Term Fund

**Fund Type:** Open-end income scheme

**Investment Objective:** To provide a level of income consistent with liquidity through investments made primarily in money market and debt securities.



# Annexure A - Investment objective, Asset Allocation and Performance

The Schemes do not guarantee / indicate any returns.

**Asset Allocation:** • Money market securities and/ or debt securities with residual or average maturity of less than or equal to 370 days or put options within a period not exceeding 370 days 70% - 100% • Debt securities which have residual or average maturity of more than 370 days 0% - 30% (Including Securitised Debt up to 30%).

**Fund Manager:** K Ramkumar

**Performance & Outlook:** Sundaram BNP Paribas Ultra Short Term Fund has been re-christened due to changes in the regulatory framework. The fund aims to capture the yield based on prevailing interest rate as a substantial part of the portfolio is in securities with maturity less than 370 days. Portfolio is structured in a manner that it provides 40 – 60 basis points more than a liquid fund. The entire portfolio of a liquid fund is invested in securities with a maturity period of less than a year. The fund is an appropriate vehicle for corporate players and institutions to park short term funds with a time horizon of 15 days to up to six months.

## Sundaram BNP Paribas Bond Saver

**Fund Type:** Open-end fixed income scheme

**Investment Objective:** The investment objective of this Scheme would be to earn regular income by investing primarily in fixed income securities, which may be paid as dividend or reinvested at the option of the investor.

The Scheme does not guarantee / indicate any returns.

**Asset Allocation:** • Debt instruments 65%-100% • Money market instruments 0%-40%

**Fund Manager:** K Ramkumar

**Performance & Outlook:** Sundaram BNP Paribas Bond Saver is a focused fund that invests in fixed income portfolio that is designed to optimize returns through exposure to fixed income securities. Investments are made only in high quality investment grade papers to ensure that credit risk is managed as much as possible. The fund was launched in December 1997 and provided annualised returns of 8.5 per cent as on March 2010. The fund is suitable for investors who have a medium to long-term holding period and wants to overcome the effects of fluctuations in interest rates.

## Sundaram BNP Paribas Monthly Income Plan

**Fund Type:** Open-End Income Scheme

**Investment Objective:** The primary objective of the scheme is to generate regular income through investment in fixed income securities. The secondary objective is to generate long term capital appreciation by investing a portion of the scheme's assets in equity and equity related instruments.

The Scheme do not guarantee / indicate any returns.

**Asset Allocation: Conservative Plan:** • Government Securities 90%-100% • Debt Securities, Money Market instruments & Cash (Including money at Call, other than securitised debt) 90%-100% • Equity & Equity related securities 0%-10% • Investment in Securitised Debt will be up to 75% of the net assets of the Plan. **Moderate Plan:** • Government securities 80%-100% • Debt Securities, Money Market instruments & Cash (Including money at Call, other than securitised debt) 80%-100% • Equity and equity-related securities 0%-20%. • Investment in Securitised Debt will be up to 75% of the net assets of the Plan. **Aggressive Plan:** • Government securities 70%-100% • Debt Securities, Money Market instruments & Cash (Including money at Call, other than securitised debt) 70%-100% • Equity and equity-related securities 0%-30%. • Investment in Securitised Debt will be up to 70% of the net assets of the Plan.

Pending deployment of funds in terms of the investment objective, the funds may be invested in short-term deposits with scheduled commercial banks in accordance with applicable SEBI guidelines.

**Fund Manager:** K Ramkumar

**Performance & Outlook:** Sundaram BNP Paribas Monthly Income Plan will offer steady income and pep returns over the long term by adding a dash of equity. The existing MIP has been renamed as the Moderate Plan and two new plans have been introduced. Conservative Plan (equity of up to 10%) and Aggressive Plan (equity of up to 30%) have been launched in April. The equity component of the portfolio in the Moderate Plan will be restricted to maximum of 20 per cent. It will predominantly be only large caps. The Moderate Plan since launch in January 2004 has provided an annualised return of 6.7 per cent. The fund will be suitable for investors who have an investment horizon of at least three to five years and seek a fixed income option with a potential of higher returns from a small equity component

## Sundaram BNP Paribas Flexible Fund

**Fund Type:** Short-Term Plan: Open-end income scheme; Flexible Income Plan: Open-end fixed income Short-Term Plan

**Investment Objective:** To generate reasonable returns by creating a portfolio comprising substantially of fixed income instruments and money market instruments by keeping the interest rate risk of the fund low. The Scheme does not guarantee / indicate any returns.

**Asset Allocation:** • Money Market Instruments (CDs, CPs, CBLO, REPO, MIBOR Instruments, Debt Securities with initial maturity of less than one year/GOI Secs./Treasury Bills) 65%-100% • Fixed Income Instruments Government of India & Corporate Debt Securities (including Securitised Debt) 0%-35%.

**Flexible Income Plan**

**Investment Objective:** To generate reasonable returns by creating a portfolio comprising substantially of fixed income instruments and money market instruments by keeping the interest rate risk of the fund low. The Scheme does not guarantee / indicate any returns.

**Asset Allocation:** • Fixed Income Instruments, Government of India & Corporate Debt Securities (including Securitised Debt) 65%-100% • Money Market Instruments like CPs, CBLO, REPO, MIBOR Instruments, Debt Securities with initial maturity of less than one year/GOI Secs./Treasury Bills 0%-35% Investment in securitised debt will be up to 35% of the net assets.

**Fund Manager:** K Ramkumar

**Performance & Outlook:** Sundaram BNP Paribas Flexible Fund was earlier christened as Floating Rate Fund. The long-term plan as Flexible Income Plan which will be a dynamic go-anywhere bond fund without sacrificing on portfolio quality and short-term plan will be repositioned from liquid fund in to an income fund with a short-term orientation. The portfolio is being restructured to align with mandate the

fund. Short-term plan would be suitable for investors who seek short-term investment horizons of 2-3 months while investing in this fund. Flexible Income plan would be suitable for investors who want to stay invested for at least 6 months investment horizon and preferably 12 months and at the same time need to be protected from interest rate fluctuations.

## Sundaram BNP Paribas Capital Protection Oriented Fund

**Fund Type:** A close-end capital protection oriented hybrid debt scheme

**Investment Objective:** To seek income and minimise risk of capital loss by investing in a portfolio of fixed-income securities. The scheme may invest a part of the assets in equity to seek capital appreciation. There can be no assurance that the investment objective of the Scheme will be achieved. The scheme does not guarantee/ indicate any returns. There is no guarantee of capital or return for this scheme from the mutual fund or the sponsors.

**Series 1 - 3 Years**

**Asset Allocation:** • Fixed-income securities including money market instruments, if any. 78%-100% • Equity and equity related instruments 0%-22%.

**Series 1 - 5 Years**

**Asset Allocation:** • Fixed-income securities including money market instruments, if any. 68%-100% • Equity and equity related instruments 0%-32%.

**Fund Manager:** S. Krishnakumar

**Performance & Outlook:** Sundaram BNP Paribas Capital Protection is a fund designed to combine safety of the principal and a participation in the equity market performance. Part of the portfolio will be invested in the fixed income securities to ensure that there is a protection of the principal. Participation in the equity market ensures few percentage points higher than that of the fixed income returns. For even a very conservative investors and risk averse investors, the fund will be a good entry point as the time horizon is for a period of three years & five years & over such period the equity as an asset class beat all others. The fund is also rated by AAA (So) by CRISIL and it indicates high degree of safety.

## Sundaram BNP Paribas Gilt Fund

**Fund Type:** Open-end debt scheme

**Investment Objective:** The Fund seeks to generate regular income through dedicated investments in gilts consistent with preservation of capital.

The Scheme do not guarantee / indicate any returns.

**Asset Allocation:** • Government of India Dated Securities 0%-100% • State Governments Dated Securities 0%-100% • Government of India Treasury Bills 0%-100%.

**Fund Manager:** K Ramkumar

**Performance & Outlook:** Sundaram BNP Paribas Gilt Fund seeks to generate regular income through dedicated investments in Government securities consistent with the preservation of capital. The fund being a 100% gilt fund would invest exclusively in Government securities. The fund shall invest in Central Government Securities, State Government Securities and bonds unconditionally guaranteed by Central Government

## Sundaram BNP Paribas Select Debt Dynamic Asset Plan

**Fund Type:** Open-ended income scheme

**Investment Objective:** The Fund seeks to earn regular income by investing primarily in fixed income securities, which may be paid as dividend or reinvested at the option of the investor. A secondary objective is to attempt to keep the value of its units reasonable stable.

**Fund Manager:** K Ramkumar

**Performance & Outlook:** The scheme was closed on April 08, 2009 on account of re-purchase of all units held by the investors.

## Sundaram BNP Paribas Select Debt Short-Term Asset Plan

**Fund Type:** Open-ended income scheme

**Investment Objective:** The Fund seeks to earn regular income by investing primarily in fixed income securities, which may be paid as dividend or reinvested at the option of the investor. A secondary objective is to attempt to keep the value of its units reasonable stable.

The Schemes do not guarantee / indicate any returns.

**Asset Allocation:** • Debt instruments (including investment in securitised debt) 65-100% • Money Market Investments 0-35%.

**Fund Manager:** K Ramkumar

**Performance & Outlook:** Sundaram BNP Paribas Select Debt of Sundaram BNP Paribas Mutual Fund seeks to earn regular income by primarily investing in fixed income securities, which may be paid as dividend or reinvested at the option of the investor. The fund will invest up to 100% in debt instruments including securitized debt and in money market instruments up to 35%.

## Sundaram BNP Paribas Income Plus

**Fund Type:** Open-ended income scheme

**Investment Objective:** The primary investment objective of the scheme is to obtain high yields by investing in fixed income securities. Capital appreciation is secondary objective when consistent with its primary objective.

The Schemes do not guarantee / indicate any returns.

**Asset Allocation:** • High Yield Securities including securitised debt up to 100% • Convertible Debentures / Bonds and Preference shares High Investment Grade Fixed up to 15% • Income Securities up to 100% • Central Government Securities up to 50% • Money Market Investments (excluding call money) up to 50%.

**Fund Manager:** K Ramkumar

**Performance & Outlook:** Sundaram BNP Paribas Income Plus of Sundaram BNP Paribas Mutual Fund seeks to obtain high yield by investing in fixed income securities. The fund can invest up to 100% in high yield securities including securitized debt and high investment grade fixed income securities. The fund may also invest in money market instruments up to 50%.

**Past performance may or may not be sustained in the future;** Returns are in percentage and computed on compounded annualised / absolute\* basis based on NAV of the Growth Option as on March 31, 2010 and on the scheme maturity date respectively. (\*For schemes less than one year)

# Performance Track Record

## Equity & Fund-of-Funds

### Annexure A

Fund / Index	Launch Date	One year return		Since inception return	
		2009-10	2008-09	2009-10	2008-09
<b>Equity Schemes</b>					
<b>Sundaram BNP Paribas Growth Fund</b>	<b>24-Apr-97</b>	<b>89.56%</b>	<b>-44.36%</b>	<b>20.88%</b>	<b>16.41%</b>
<i>Benchmark - BSE 200 Index</i>		92.87%	-40.98%	14.91%	10.04%
<b>Sundaram BNP Paribas Tax Saver</b>	<b>24-Nov-99</b>	<b>81.64%</b>	<b>-32.03%</b>	<b>22.56%</b>	<b>17.52%</b>
<i>Benchmark - BSE 200 Index</i>		92.87%	-40.98%	14.99%	8.81%
<b>Sundaram BNP Paribas Balanced Fund</b>	<b>23-Jun-00</b>	<b>71.51%</b>	<b>-30.78%</b>	<b>16.46%</b>	<b>11.43%</b>
<i>Benchmark - CRISIL Balanced Fund index</i>		47.31%	-21.53%	NA	NA
<b>Sundaram BNP Paribas Select Focus</b>	<b>31-Jul-02</b>	<b>75.24%</b>	<b>-36.95%</b>	<b>31.92%</b>	<b>26.43%</b>
<i>Benchmark - S&amp;P CNX Nifty</i>		73.77%	-36.19%	24.77%	18.73%
<b>Sundaram BNP Paribas Select Mid Cap</b>	<b>31-Jul-02</b>	<b>139.49%</b>	<b>-44.34%</b>	<b>40.28%</b>	<b>29.48%</b>
<i>Benchmark - BSE Midcap Index</i>		130.23%	-54.01%	28.93%	18.02%
<b>Sundaram BNP Paribas India Leadership Fund</b>	<b>02-Jul-04</b>	<b>88.60%</b>	<b>-40.90%</b>	<b>26.03%</b>	<b>15.77%</b>
<i>Benchmark - S&amp;P CNX Nifty</i>		73.77%	-36.19%	23.82%	15.29%
<b>Sundaram BNP Paribas S.M.I.L.E Fund</b>	<b>15-Feb-05</b>	<b>131.93%</b>	<b>-41.89%</b>	<b>24.67%</b>	<b>7.24%</b>
<i>Benchmark - S&amp;P CNX Midcap Index</i>		126.12%	-45.40%	20.38%	3.32%
<b>Sundaram BNP Paribas Select Thematic Funds Capex Oppurtunities-Dividend</b>	<b>29-Sep-05</b>	<b>112.65%</b>	<b>-44.21%</b>	<b>17.86%</b>	<b>1.09%</b>
<i>Benchmark - BSE Capital Goods Index</i>		117.78%	-53.84%	26.23%	8.04%
<b>Sundaram BNP Paribas Select Thematic Funds Capex Oppurtunities-Growth</b>	<b>29-Sep-05</b>	<b>126.80%</b>	<b>-51.69%</b>	<b>22.39%</b>	<b>2.64%</b>
<i>Benchmark - BSE Capital Goods Index</i>		117.78%	-53.84%	26.23%	8.04%
<b>Sundaram BNP Paribas Select Thematic Funds Rural India Fund</b>	<b>12-May-06</b>	<b>93.82%</b>	<b>-48.63%</b>	<b>7.90%</b>	<b>-11.91%</b>
<i>Benchmark - BSE 500 Index</i>		96.38%	-42.77%	9.11%	-10.98%
<b>Sundaram BNP Paribas Select Small Cap</b>	<b>22-Feb-07</b>	<b>148.43%</b>	<b>-49.83%</b>	<b>6.11%</b>	<b>-29.20%</b>
<i>Benchmark - BSE Small Cap Index</i>		161.73%	-58.60%	5.61%	-31.39%
<b>Sundaram BNP Paribas Equity Multiplier</b>	<b>27-Feb-07</b>	<b>84.11%</b>	<b>-39.25%</b>	<b>9.50%</b>	<b>-14.60%</b>
<i>Benchmark - S&amp;P CNX Midcap Index</i>		126.12%	-45.40%	14.62%	-17.18%
<b>Sundaram BNP Paribas Select Thematic Funds Energy Opportunities</b>	<b>01-Jan-08</b>	<b>80.82%</b>	<b>-42.19%</b>	<b>-7.81%</b>	<b>-46.30%</b>
<i>Benchmark - BSE Oil &amp; Gas Index</i>		44.04%	-29.59%	-11.24%	-39.81%
<b>Sundaram BNP Paribas Select Thematic Fund Entertainment Oppurtunities</b>	<b>16-Jun-08</b>	<b>72.12%</b>	<b>NA</b>	<b>25.63%</b>	<b>-12.61%</b>
<i>Benchmark - S&amp;P CNX Media and Entertainment Index</i>		125.57%	NA	-2.34%	-57.50%
<b>Sundaram BNP Paribas Select Thematic Funds Financial Services Opportunities</b>	<b>10-Jun-08</b>	<b>116.66%</b>	<b>NA</b>	<b>31.80%</b>	<b>-24.01%</b>
<i>Benchmark - CNX Bank Index</i>		128.87%	NA	30.94%	-28.91%
<b>Sundaram BNP Paribas Select Thematic Funds PSU Opportunities</b>	<b>11-Jan-10</b>	<b>NA</b>	<b>NA</b>	<b>-0.65%@</b>	<b>—</b>
<i>Benchmark - CNX PSE Index</i>		NA	NA	-10.32%@	—
<b>Fund-of-Funds</b>					
<b>Sundaram BNP Paribas Global Advantage Fund</b>	<b>22-Aug-07</b>	<b>57.47%</b>	<b>-33.40%</b>	<b>2.11%</b>	<b>-22.50%</b>
<i>Benchmark - MSCI Emerging Market Index</i>		57.05%	-34.70%	3.48%	-24.20%

**Past performance may or may not be sustained in the future;** Returns are computed by using NAV of Growth Option except in case of Capex Opportunities Fund at the end of the year and Returns since inception are computed on compounded annualised basis. In the case of Tax Saver, Growth Fund and Capex Opportunities Fund the NAV is adjusted for dividend declaration. @ - Absolute Return since the scheme was launched during the period.

# Performance Track Record

## Liquid & Fixed Income Funds

### Annexure A

Fund / Index	Launch Date	One year return		Since inception return	
		2009-10	2008-09	2009-10	2008-09
<b>Liquid Scheme</b>					
<b>Sundaram BNP Paribas Money Fund</b>	<b>07-Mar-00</b>	<b>3.44%</b>	<b>8.18%</b>	<b>6.53%</b>	<b>6.87%</b>
<i>Benchmark - CRISIL Liquid Fund Index</i>		3.69%	8.81%	NA	NA
<b>Fixed Income Funds</b>					
<b>Sundaram BNP Paribas Ultra Short-term Fund</b>	<b>24-Apr-07</b>	<b>4.19%</b>	<b>8.55%</b>	<b>6.96%</b>	<b>7.62%</b>
<i>Benchmark - CRISIL Liquid Fund Index</i>		3.65%	8.81%	6.47%	7.15%
<b>Sundaram BNP Paribas Bond Saver</b>	<b>18-Dec-97</b>	<b>3.19%</b>	<b>7.18%</b>	<b>8.46%</b>	<b>8.94%</b>
<i>Benchmark - CRISIL Composite Bond Fund Index</i>		5.41%	7.35%	NA	NA
<b>Sundaram BNP Paribas Flexible Fund Short Term Plan</b>	<b>30-Dec-04</b>	<b>5.94%</b>	<b>8.52%</b>	<b>6.70%</b>	<b>6.88%</b>
<i>Benchmark - CRISIL Liquid Fund Index</i>		5.88%	8.81%	6.72%	6.75%
<b>Sundaram BNP Paribas Flexible Fund Flexible Income Plan</b>	<b>30-Dec-04</b>	<b>5.18%</b>	<b>7.65%</b>	<b>6.24%</b>	<b>6.50%</b>
<i>Benchmark - CRISIL Composite Bond Fund Index</i>		5.41%	7.35%	5.60%	5.64%
<b>Sundaram BNP Paribas GILT Fund</b>	<b>02-May-01</b>	<b>2.80%</b>	<b>3.29%</b>	<b>4.57%</b>	<b>4.80%</b>
<i>Benchmark - ISec MIBEX Index</i>		5.00%	NA	NA	NA
<i>Benchmark - ISec SIBEX Index</i>		NA	12.29%	NA	NA
<b>Sundaram BNP Paribas Select Debt Short Asset Plan</b>	<b>05-Sep-02</b>	<b>1.61%</b>	<b>5.83%</b>	<b>5.68%</b>	<b>6.32%</b>
<i>Benchmark - CRISIL Liquid Fund Index</i>		3.69%	8.81%	5.63%	5.93%
<b>Sundaram BNP Paribas Select Debt Combined Asset Plan</b>	<b>05-Sep-02</b>	<b>-0.90%</b>	<b>-0.16%</b>	<b>4.08%</b>	<b>4.37%</b>
<i>Benchmark - CRISIL Composite Bond Fund Index</i>		0.57%	7.35%	5.41%	5.65%
<b>Sundaram BNP Paribas Income Plus</b>	<b>31-Jul-02</b>	<b>0.42%</b>	<b>5.05%</b>	<b>4.98%</b>	<b>5.68%</b>
<i>Benchmark - CRISIL Composite Bond Fund Index</i>		5.41%	7.35%	5.73%	5.78%
<b>Sundaram BNP Paribas Capital Protection Oriented Fund-Series 1-3 years</b>	<b>24-Aug-07</b>	<b>15.86%</b>	<b>-0.98%</b>	<b>8.70%</b>	<b>5.18%</b>
<i>Benchmark - CRISIL MIP Blended Index</i>		14.25%	0.50%	8.05%	4.97%
<b>Sundaram BNP Paribas Capital Protection Oriented Fund-Series 1-5 years</b>	<b>24-Aug-07</b>	<b>15.93%</b>	<b>-4.30%</b>	<b>6.30%</b>	<b>1.99%</b>
<i>Benchmark - CRISIL MIP Blended Index</i>		14.25%	0.50%	8.05%	4.97%
<b>Sundaram BNP Paribas Monthly Income Plan - Moderate</b>	<b>19-Jan-04</b>	<b>14.74%</b>	<b>-3.63%</b>	<b>6.73%</b>	<b>5.26%</b>
<i>Benchmark - CRISIL MIP Blended Index</i>		14.25%	0.50%	7.15%	5.84%
<b>Sundaram BNP Paribas Monthly Income Plan - Aggressive</b>	<b>08-Mar-10</b>	<b>NA</b>	<b>NA</b>	<b>0.33%@</b>	<b>NA</b>
<i>Benchmark - CRISIL MIP Blended Index</i>		NA	NA	1.00%@	NA
<b>Sundaram BNP Paribas Monthly Income Plan - Conservative</b>	<b>08-Mar-10</b>	<b>NA</b>	<b>NA</b>	<b>0.33%@</b>	<b>NA</b>
<i>Benchmark - CRISIL MIP Blended Index</i>		NA	NA	1.00%@	NA

**Past performance may or may not be sustained in the future;** Returns are computed by using NAV of Growth Option at the end of the year and Returns since inception are computed on compounded annualised basis. @ - Absolute Return since the scheme was launched during the period.

Sundaram BNP Paribas Mutual Fund offers schemes which are subscribed by the retail investors. As the retail investors form the constituents of the schemes, it is considered desirable to put in place a policy to protect the interests of the fund as well as the investors. To achieve these objectives the Voting Policy enable Sundaram BNP Paribas Asset Management to participate and vote at the general meetings of the Investee Companies in whose securities the schemes of the Mutual Fund have invested.

The policy has been approved from the Board of Directors of the Sundaram BNP Paribas Asset Management and Sundaram BNP Paribas Trustee Company that gives a mandate to executives of the Investment Manager to attend and vote at the general meetings of the investee company (s) on behalf of the mutual fund schemes. Whenever the company observed that the investee company has not acted in accordance with the interest of the investors and / or has not followed the generally accepted Governance Standards, the executives of the Investment Manager will participate and vote at the meetings of the investee companies, irrespective of the percentage of holdings by the fund.

The Investment Manager will exercise the proxy votes in the AGMs/EGMs of the investee company (s) in respect of the following matters:

- Corporate governance issues
- Changes in the state of incorporation, merger and other corporate restructuring, and anti-takeover provisions.
- Changes to capital structure, including increases and decreases of capital and preferred stock issuances.
- Stock option plans and other management compensation issues;
- Social and Corporate Responsibility
- Appointment and Removal of Directors.
- Any other issue that may affect the interest of the shareholders and by extension those of investors in the mutual fund's schemes.

Before exercising the voting, a committee of management will review the Annual Reports and recommend to the Managing Director for attending/voting at the meetings.

### **Authority to Attend and Vote**

The Executives and Officers for the Investment Manager are authorised to attend and vote at the meetings of the investee companies.

*Note: During the period under review the company did not participate in any AGM/EGM.*

## **General Risk Factors/Statutory Details of Sundaram BNP Paribas Mutual Fund**

**General Risk Factors:** All mutual funds and securities investments are subject to market risks, and there can be no assurance or guarantee that fund's objectives will be achieved. NAV may go up or down, depending on the factors and forces affecting the securities market. Main types are market risk, liquidity risk, credit risk and systemic risks. At times, liquidity of investments may be impaired. There is uncertainty of dividend distribution and risk of capital loss. Past performance of the Sponsor/Asset Management Company/Fund does not indicate the future performance. Investors in the schemes are not being offered any guaranteed or indicated returns. The scheme names do not in any manner indicate either quality or future prospects and returns. **Statutory details: Mutual Fund:** Sundaram BNP Paribas Mutual Fund is a trust under Indian Trusts Act, 1882 Sponsors. Liability for sponsors is limited to Rs 1 lakh. **Sponsors:** Sundaram Finance Ltd & BNP Paribas Asset Management. **Investment Manager:** Sundaram BNP Paribas Asset Management Company Ltd. **Trustee:** Sundaram BNP Paribas Trustee Company Ltd.