



ARIHANT capital markets ltd.

Sundaram BNP Paribas Global Advantage Fund

SUMMARY

□ Type	Open-ended. Diversified	□ Benchmark	MSCI emerging market index
□ Min. Investment	Rs 5000	□ Face Value	Rs 10
□ Entry Load	2.75%	□ Exit Load	Nil*
□ Fund Manager	N Prasad , Rahul Pal	□ Fund Class	Equity Diversified
□ Issue Opens	July 16, 2007	□ Issue Closes	July 31, 2007

* Exit load of 1.5% would be charged if redemption is done within 12 months of allotment.

INVESTMENT OBJECTIVE

The investment objective of the scheme is to achieve capital appreciation by investing in units of overseas mutual funds, exchange traded funds and in domestic money market instruments.

(Source: Offer Document)

IS THIS FUND FOR YOU?

Sundaram BNP Paribas Global Advantage Fund (SBPGAF) is an open-ended diversified fund. This offering from Sundaram BNP Paribas mutual fund is rather a unique investment strategy for generating capital appreciation.

The fund offers the investors an exceptional well-diversified portfolio, a first of its kind in the Indian market. Besides investing in equity markets, the scheme will also invest in commodities and real estate. So basically the diversification will be attained through:

- Investing in global emerging markets – offering choice of country, fund, sector and stock selection.
- Investing in different asset classes – equity, real estate and commodities.

It will therefore offer the investors the flexibility and option to diversify their portfolio from a completely Indian centric-portfolio.



While investing in emerging markets, the fund will focus more on the Asia, which includes countries like China, Korea and India among others. The fund will offer the investors exposure to multiple asset classes through mutual fund and exchange-traded funds. This kind of investment will offer the investors best of both the worlds, as the fund will not make any direct investments in any of the markets. It will adopt a safer strategy of investing the money in the funds of the top money managers in the global markets. The reasoning being that no single asset management company or fund can be expert in all the markets and of all the asset-classes at all times. Thus, by actively investing in MFs and ETFs, they can choose the best AMC's and fund managers for their respective expertise, amplifying the investments. It will therefore help the investors to capitalise on market opportunities and the talents of individual fund managers globally.

But a cautious note for investors that they will have to understand the risk associated with investing in the global markets (for all asset classes), arising out of the economic and socio-political conditions of those countries.

Currently, there are just two funds in India - Principal Global Opportunities Fund and Fidelity International Opportunity Fund - that invest abroad. However, SBPGAF'S investment objective and portfolio strategy is considerably different from these two funds, therefore a comparison of the two will not be useful.

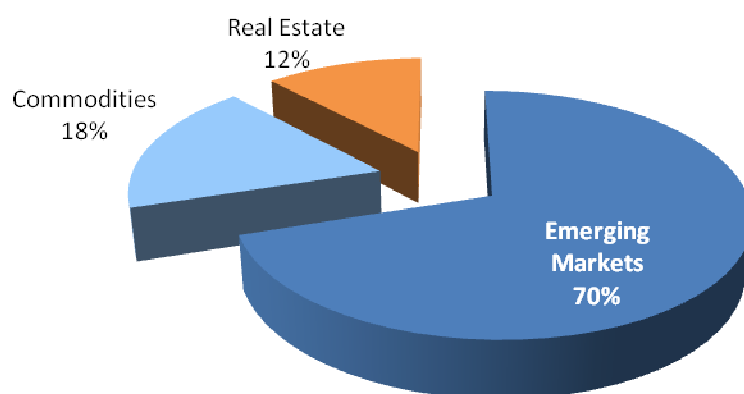
Sundaram BNP Paribas Mutual Fund is guided by well-defined investment processes. BNP Paribas Asset Management (BNP PAM) would be the investment advisor for Sundaram BNP Paribas for investment in the overseas market, through Fund Quest. BNP PAM has considerable experience in managing money across global markets. Fund Quest is a specialist in multi-manager and multi-asset class products. Fund Quest will actively take views on asset classes, geographies and funds and choose suitable best in class option for deploying the assets of Sundaram BNP Paribas Global Advantage.

These factors can aid the fund going forward. In our view, the investment strategy adopted by SBPGA appears interesting as it provides investors with the opportunity to have exposure to varied markets and asset classes in their portfolios, offering a unique diversification opportunity. However, the same also entails taking on commensurate risk.

SBPGAF with its mandate to predominantly invest in global emerging markets will display the traits of a high risk-high return investment proposition. The fund will appeal to investors with a higher risk appetite.

PORTFOLIO STRATEGY

SBPGAF is mandated to invest between 70-100% of its assets in emerging equity markets, with a bias towards Asian markets, of which the largest weight could be into the Chinese market followed by the Korean and Indian markets. Of the mandated 70%, the fund would be investing close to 15% in European stocks, 37% in Asian stocks and another 15% into the Latin American stocks. From the balance 30%, about 12% will be invested in the global property stocks and 18% in the commodity stocks.



Source: Sundaram BNP Paribas

ASSET ALLOCATION

Asset Class	Neutral	Minimum	Maximum
Emerging Markets	70%	60%	100%
Real Estate	15%	0%	40%
Commodities	15%	0%	40%

Source: Sundaram BNP Paribas

- Asset allocation will be NIL for real estate and/or commodity, if the multi-management team’s view is extremely negative relative to emerging markets.
- For real estate and commodity, the investments will be made mainly through exchange-traded funds (ETFs).
- Commodities will comprise of agricultural products, metals, non-ferrous metals, gold, silver & platinum among others.

The fund would invest 85 to 100% of its assets in mutual fund units and exchange-traded funds listed on overseas stock exchange. It can hold upto 15% of its corpus in domestic money market instruments.

Type of Instrument	Min (%)	Max (%)
Units of Mutual Funds and exchange traded funds listed on overseas stock exchanges	85%	100%
Domestic Money-Market Instruments	0%	15%

SBPGAF will adopt an active investment strategy and multi-manager approach based on economy and market outlook.

The fund will adopt a neutral stance on emerging markets as an asset class. The fund will be overweight on commodities due to healthy environment for prices, robust demand and supply constraints. Exposure to real estate will be less than what it would be in a neutral environment indicating a slightly negative stance relative to emerging markets and commodities.

OUR VIEW

Investors who have already invested in domestic diversified equity funds (or directly in the markets) and have a diversified portfolio in the domestic markets can consider investing in the fund to reap the benefits of country risk and currency risk diversification.

You can invest in this fund if:

- **you have a five years investment perspective.**
- **have the ability to absorb risks of investing in overseas financial assets.**
- **you are looking for diversification or have a sizeable allocation already to Indian equity in your portfolio.**
- **have a portfolio that is large enough to accommodate a small percentage of allocation to global markets.**
- **You are looking for wide diversification across markets and asset classes.**

Given that the fund is presently in its new fund offer (NFO) stage, for risk-averse investors (or investors with a medium-high risk profile) we recommend that they can evaluate the fund's performance over a 3-5 year period at this stage and make an investment decision accordingly.

FUND MANAGER PROFILE

Mr. N. Prasad, CIO, Sundaram Mutual fund has an experience of nearly 15 yrs in financial markets, straddling equity research and fund management. He would be the dedicated manager for SBPGAF for overseas investments. A post-graduate in Commerce, he began his career with Canara Bank and has been associated with Canbank Mutual Fund and ICICI AMC. He moved to Sundaram Mutual in 1996 as Chief Investment Officer. He manages the portfolios of Sundaram Growth Fund, Sundaram Tax Saver & the Equity component of Sundaram Balanced Fund.

SBPGAF may interalia invest in money market instruments of India, Rahul Pal will act as the Fund Manager for such investments. Rahul Pal is a fund manager with Sundaram in the fixed-income area. He is a Chartered Accountant. He has worked for three years with IDBI Treasury and then joined Sundaram BNP Paribas AMC with an active role in fund management. He currently manages Money Fund, Short Term Asset Plan, Income Plus, Dynamic Asset Plan and the debt portfolio of Balanced Fund.

OUTLOOK

SBPGAF is mandated to invest across emerging markets and asset classes and sectors. Hence, the fund is theoretically well placed to benefit from diverse investment opportunities available in emerging economies across the globe. Also it is mandated to invest in emerging market funds, which is a safer investment strategy than directly investing in the international markets.

SBPGAF is another way for investors to have exposure to many key world markets and industries while also taking advantage of the extensive money management resources that BNP Paribas has worldwide

Looking to invest? Contact ARIHANT executive today!

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ARIHANT capital markets ltd

67, Nehru Road 3rd Floor, Krishna Bhavan, Opp.Green House Restaurant, Vile Parle (E), Mum-400057.
www.arihantcapital.com Tel: 67664800, Fax: 67664880

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