

Dear Investor



Dear Investor,

The performance of the Indian equities market in CY 2011 remained dismal to say the least. The key benchmark indices, SENSEX and Nifty closed the year with a performance of -24.64% and -24.61% respectively

During the period, the repo rate increased by 225 bps in 7 tranches, rising from 6.25% in Dec 10 to 8.50% by Dec 11. During the same period, the industrial activity, as represented by IIP number, declined from 11.33% in Oct-2010; to -5.10% in Oct-11. The resultant moderation in the GDP growth rate and the decline in the investor sentiment significantly weighed down the market performance. The net FII outflows in the equities market in 2011 stood at US\$ 357.8 mn. In contrast, the FII inflows in 2010 stood at US\$ 29.36 bn



The debt market performance also remained a function of these developments. The 10 year G-sec rose by around 70 bps during the year and was trading at around 8.56% by the Dec-2011 end. The liquidity conditions too continued to remain in the negative, albeit it has eased partially during the last fortnight on account of OMO actions

The good news is that the basic of the India growth story, i.e: strong demographics, entrepreneurial culture, growing urbanization and rule of law remain largely intact. Therefore, were the aforementioned systemic issues to be resolved in the earnest, the double-digit growth trajectory may again begin to emerge on the horizon.

Although, as a caveat, the unperturbed buoyancy in the international crude oil prices and concurrent 17% decline in the Rupee, has drastically increased the oil import bill and has significant inflationary possibilities for the general economy.

On the mutual funds side, the average AUM (Sept-Dec 11) in the industry stood at Rs 6, 81,707 cr, registering a yoy growth of 0.91%. During the same period, the average AUM with Kotak AMC grew at 7.88% and stood at Rs 29,739 cr as of Dec-11. We believe that the economic, turmoil that we have noticed in the last year may be largely behind us, and we may be approaching the bottom of the current economic downturn. While the previous year has provided a milestone to reminisce and meditate on; the year ahead asks from us that we aspire and plan new actions that test newer limits.

Wishing you all a very Happy New Year.

Regards,

Sandesh Kirkire
CEO

Kotak Mutual Fund had launched Kotak Fixed Hybrid Term Plan Series I – NFO Opened on 30th December 2011 & closed on 13th January 2012. It is a close ended product with 24 months maturity and invests in debt & money market instruments and equity and equity related instruments. Thus a conservative investor may look at this product with a view to diversify his portfolio by investing in a product which has the flavor of debt and equity.

Expert Speak



Q & A with Mr. Krishna Sanghavi – Head of Equities

Q) 1. Ideally when should one start planning for tax saving during the year?

A: Ideally, the tax planning must begin once the tax liability and income projections for the upcoming financial year are in place for the investor. This usually tends to be around May-June of the financial year. Albeit, many people postpone their investment decisions to the latter half of the financial year.



Q) 2. Why should an investor look at Equity Linked Saving Schemes (ELSS) vis-à-vis other traditional instruments?

A: The ELSS scheme provides an investor the opportunity to invest in high-risk high-return asset class like equities. ELSS also provides the investor the benefit of tax saving in the year of the investment. Therefore on a cumulative basis, the potential gain from tax saving and likely returns from equities tends to be competitive than other alternative avenues.

Q) 3. What kind of options – Dividend Payout, Dividend Re-Investment or Growth – should one opt for?

A: That is dependent on the investor's cash flow requirements. ELSS investors who require capital accumulation may utilize the growth option to cumulate returns over the long period.

Gurukul



Monthly Income Plans

As a conservative investor, you may not be willing to take exposure in equities. Also with a limited capital amount, you may not be allowed to invest in some debt funds / plans. Hence to invest in a product which has a limited exposure to equities and has the relative safety of debt, you can look at Monthly Income Plans (MIP).

MIPs are hybrid investment products that invest a minor portion of their portfolio (around 15%-25 %) in equities and the balance in debt and money market instruments (i.e. bonds or certificates of deposits and the like). Thus it is a marginal equity product, which works for conservative investors who are comfortable investing a small component of their money in equity. By investing a very small portion of the investment in stocks and the rest in good-quality fixed income instruments, MIPs mostly try to limit the downside. They further offer an opportunity to participate in equities.

Dividend frequency is generally monthly, quarterly, half-yearly or annually though it is not guaranteed.

Kotak Mutual Fund has an offering Kotak Monthly Income Plan. The investment strategy is aimed at generating returns by investing in debt securities and at the same time attempting to enhance returns through investments in equity and equity related instruments. Hence if you want the relatively safety of debt with a flavor of equity, then Kotak Monthly Income Plan is the product which you can look at.

Another product offering is Kotak Multi Asset Allocation Fund which invests in debt, equity and gold. Equity is volatile by nature, debt can be comparatively safer and gold is looked as a hedge in turbulent times. Hence this product lets you participate in these asset classes thus giving you diversification in your portfolio.

To know more and invest in the scheme you can visit mutualfund.kotak.com or visit any of our branches. .

Know-a-scheme



As the financial year comes to an end the only question hovering on our minds is Tax Saving. As a layman, we start looking at instruments which help us avail the tax exemption of Rs 1 lakh under section 80 (C) of the Income Tax Act, 1961.

Equity Linked Saving Scheme (ELSS) qualifies for the exemption and should be looked as an avenue for investment that provides tax benefits. These schemes have a lock in period of 3 years and you cannot withdraw your investment amount in between.

Kotak Mutual Fund has an ELSS offering called Kotak Tax Saver that invests in equity and equity related securities and enables the investors to avail the income tax rebate, as permitted from time to time. There is a lock in period of 3 years. This way the investor derives the dual benefit of growth potential from investment in equities while also availing the tax benefit. The portfolio is generally diversified across market capitalization segment.

To invest in the scheme and for more details, visit any of our branches or call us on 1800 222 626 for more details

Did you know?



• Unless food is mixed with saliva you can't taste it



• No two corn flakes look the same.



• Lemons contain more sugar than strawberries



• Rabbits like licorice



• Reindeer like bananas



• The names of all the continents end with the same letter that they start with, e.g. Asia, Europe, Africa, America



• Switzerland eats the most chocolate equating to 10 kilos per person per year



- There is no such thing as a naturally blue food
- French fries are originally from Belgium
- Apples are more effective at waking you up in the morning than coffee
- Almonds are members of the peach family

Source: - <http://www.kellys.com>

Ha ha hee hee...



HAAAAHEEHEE

- A man went to a bar and ordered his drink. He took his drink and looked into his wallet. He ordered his 2nd drink and again looked at his wallet. He ordered his 3rd drink and did the same. Intrigued at this, the bar tender asked "Sir if you don't have money I am sorry we will not be able to serve you more."
The man answered "No don't worry. I am trying to drink till the time I perceive my wife is looking pretty and I can go home."
- The elevator in a building was malfunctioned one day, leaving several people stranded. Seeing a sign that listed two emergency phone numbers, a gentleman dialed the first and explained their situation. After what seemed to be a very long silence, the voice on the other end said, "I don't know what you expect me to do for you; I'm a psychologist."
"A psychologist?" he replied. "Your phone is listed here as an emergency number. Can't you help us?"
"Well," he finally responded in a measured tone. "How do you feel about being stuck in an elevator?"

Source: - <http://www.prokerala.com>

Get in touch



We would love to hear from you. Please give us your feedback / suggestions on how we can make Rishtey better. Please write to rishtey@kotak.com. For any product / service related queries you can always call our service desk on 1800-222-626 (MTNL / BSNL lines)

Risk Factors

Kotak Monthly Income Plan is an open-ended income fund. Monthly income is not assured & is subject to availability of distributable surplus **Investment Objective:** To enhance returns over a portfolio of Debt Instruments with a moderate exposure in Equity and Equity related Instruments.

Kotak Multi Asset Allocation is an open ended exchange traded fund. **Investment Objective:** - To generate income by investing predominantly in debt and money market securities, to generate growth by taking moderate exposure to equity and equity related instruments and provide diversification by investing in Gold ETFs.

Kotak Tax Saver : - is an open ended exchange traded fund. **Investment Objective:** To generate long-term capital appreciation from a diversified portfolio of equity and equity related securities and enable investors to avail the income tax rebate, as permitted from time to time. The amount invested in the scheme shall be subject to a lock-in of 3 years irrespective of whether the investments would be eligible for tax benefit or not. The above does not constitute and advice or a representation. Investors are requested to seek professional advice in this regard. Kotak Mahindra Bank Limited is not liable or responsible for any loss or short fall resulting from the operations of the scheme.

Kotak Hybrid Fixed Term Plan Series I (A Close Ended Debt Scheme with 24 months maturity). **Investment Objective:** to generate income and reduce interest rate volatility by investing in Debt & Money Market securities that mature on or before the maturity of the scheme, and also to generate capital appreciation by investing in equity/ equity related securities. **Asset Allocation:** Debt and Money Market Securities* - 85% -100%; Equity & equity related securities - 0% - 15%. *Debt instruments shall be deemed to include securitized debts and investment in securitized debt shall not exceed 50% of the net assets of the Scheme. The total investment value of equity, debt instruments and notional value of Investment in derivatives shall not exceed 100% of the net assets of the scheme. **Load Structure:** Exit Load: Nil **Liquidity:** Units of this scheme will be listed on Bombay Stock Exchange. Investors may sell their units in the stock exchange(s) on which these units are listed on all the trading days of the stock exchange. The units cannot be redeemed with KMMF until the maturity of the scheme. NAV of the scheme shall be calculated daily. **BSE Disclaimer:** - It is to be distinctly understood that the permission given by BSE should not in any way be deemed or construed that the Scheme Information Document has been cleared or approved by BSE nor does it certify the correctness or completeness of any of the contents of the Draft Scheme Information Document. The investors are advised to refer to the Scheme Information Document for the full text of the Disclaimer Clause of Bombay Stock Exchange Limited.

General Risks: - **Mutual Funds** and securities investments are subject to market risks. There is no assurance that the Scheme's objective will be achieved. NAV of the Scheme's Units can go up / down depending on factors and forces affecting securities markets. Past performance of Sponsor / AMC / Fund does not indicate the scheme's future performance. **Kotak Monthly Income Plan, Kotak Multi Asset Allocation Fund, Kotak Tax Saver and Kotak Hybrid Fixed Term Plan Series I are only the names of the schemes and do not in any manner indicate either the quality of the schemes, future prospects or returns. Statutory details:** Kotak Mahindra Mutual Fund is a Trust (Indian Trust Act, 1882); **Investment Manager:** Kotak Mahindra Asset Management Company Ltd.; **Sponsor:** Kotak Mahindra Bank Ltd. (Liability Rs. Nil); **Trustee:** Kotak Mahindra Trustee Company Ltd. **Please read the Scheme Information Document (SID) and Statement of Additional Information (SAI) carefully before investing. SID and SAI available on mutualfund.kotak.com**

Quote

"Learn from others' experiences, be it personal, professional or social." - Anonymous