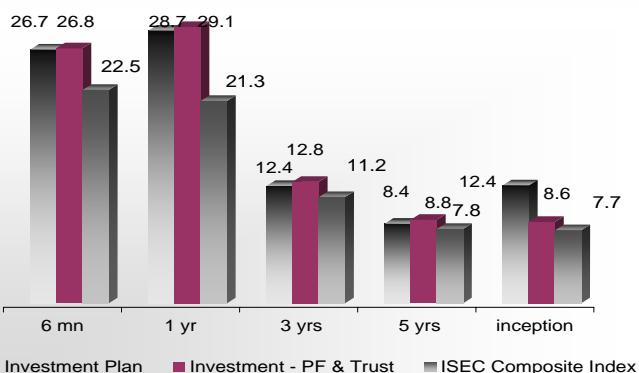


Kotak Gilt Investment Performance as on 31st Dec 2008

About Kotak Gilt Investment



The current macro-economic event is very conducive for interest rates. This scheme is well-positioned to take advantage of the downward movement in interest rates. The sovereign nature of government securities offers investor a credit-risk free play on interest rates.

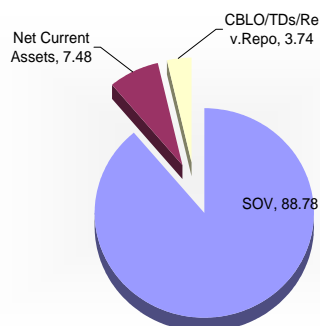
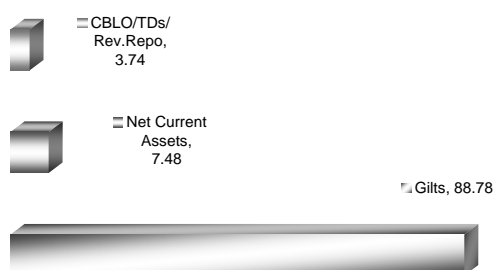
Investment Horizon: 6 month to 1 year

Kotak Gilt Investment Regular Plan : Rs. 32.0334 (Growth Option); Kotak Gilt Investment PF & Trust Plan : Rs.32.9230 (Growth Option). Returns = 1 year : Absolute; Returns > 1 year : CAGR (Compounded Annualised Growth Rate). Scheme in inception since 29th Dec, 98. Past performance may or may not be sustained in future.

Sectoral Allocation as on 31st Dec 08

Rating Profile

Portfolio Details



YTM	5.50%
Avg Mat.	15.96
Mod D	8.50
Corpus	177.8 crs

Debt Market Outlook:

Maturity Profile

The bull-run in the domestic gilts market continues unabated, with the yields on the 10 year G-sec declining by nearly 186 bps during the 1 month period. Going forward, the swift decline in inflation raises optimism that RBI may resort to a more aggressive rate cut. The RBI initiative to drastically reduce the key interest rates on 2nd Jan is indicative of this intent. An important measure in the 2nd Stimulus package has been the RBI step to increase the FII investment ceiling in the Re-denominated Indian corporate bond market. The ceiling has been pushed further up from the current US\$ 6 bn to US\$ 15 bn. This measure aims at boosting liquidity in the bond market; while also support the Rupee in the Forex market. In this backdrop, we are hopeful that the credit-spread between the gilts and the corporate bonds may narrow. We believe that the rally in the gilts would extend into the corporate bond market as well in the coming period. Going forward, the yields on the 10-yr - sec may trade in the 4.75-5.00% range.

N.A

Portfolio as on 31st Dec 08	% To NAV	Rating
7.95% Government Stock - 2032	30.34%	SOV
8.35% Government Stock - 2022	15.22%	SOV
7.99% Government Stock - 2017	14.69%	SOV
8.3% Government Stock - 2023	9.42%	SOV
8.33% Government Stock - 2036	8.76%	SOV
Net Current Assets/(Liabilities)	7.48%	
7.95% Government Stock - 2026	6.14%	SOV
7% Government Stock - 2022	4.21%	SOV
CBLO	3.74%	-

Entry Load	Exit Load
Nil	<ul style="list-style-type: none"> a) For amounts less than or equal to Rs 50 lakhs: <ul style="list-style-type: none"> i) For redemptions/ without within 6 months: 0.75% ii) For redemption/switchouts on or after 6 months: Nil b) For amounts greater than Rs 50 lakhs: Nil

Scheme Details

Investment Objective

To generate risk free returns through investments in sovereign securities issued by the Central Govt and/or State Govts and/or reverse repos in such securities.

Investment Pattern

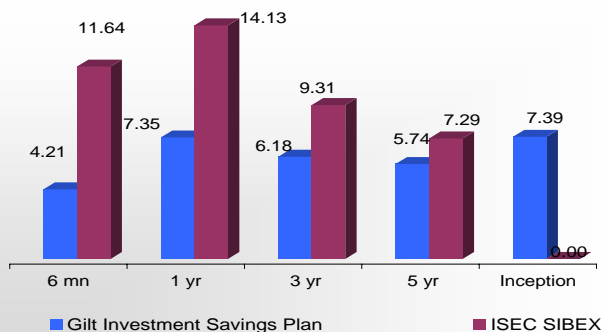
There will be no restriction on maturity of securities

Benchmark Index

I-Sec Composite Index

Kotak Gilt is an open-ended dedicated gilt scheme. **Investment Objective:** To generate risk free returns through investments in sovereign securities issued by the Central Govt and/or State Govts and/or reverse repos in such securities. **Risk Factors:** - Mutual Funds investments are subject to market risks and there is no assurance or guarantee that the objectives of the Schemes will be achieved. As with any securities investment, the NAV of the Units issued under the Schemes can go up or down depending on the factors and forces affecting the capital and money markets. Past performance of the Sponsor/AMC/Fund or that of existing Schemes of the Fund does not indicate the future performance of the Schemes. Kotak Gilt is only the name of the Scheme and does not in any manner indicate the quality of the Scheme, future prospects or returns. **Statutory:** 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. **Before investing, please read the Offer Document.**

Kotak Gilt Savings Performance as on 31st Dec 2008



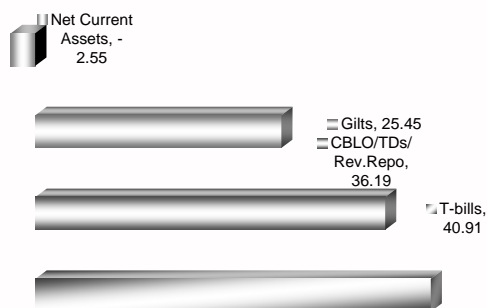
About Kotak Gilt Savings

Kotak Gilt is a scheme that allows the retail investor to invest in the otherwise wholesale government securities market. Kotak Gilt invests in government bonds and treasury bills, giving you a zero credit risk investment option. It recognizes that for you, safety is prime, giving you the liquidity of a savings account. Kotak Gilt scheme offers several plans to choose from: Herein is Ideal for a short-term investor. This plan invests in a portfolio of securities with Weighted Average Maturity of less than four years

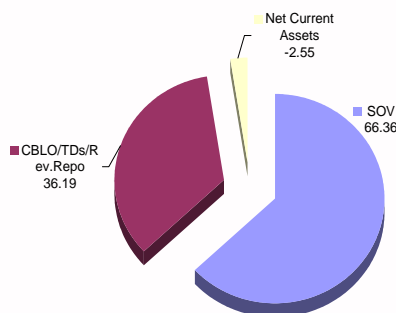
Investment Horizon: 6 month to 1 year

Kotak Gilt Savings NAV : Rs.20.4430(Growth Option). Returns = 1 year : Absolute; Returns > 1 year : CAGR (Compounded Annualised Growth Rate). Scheme in inception since 29th Dec, 98. Past performance may or may not be sustained in future.

Sectoral Allocation as on 31st Dec 08



Rating Profile



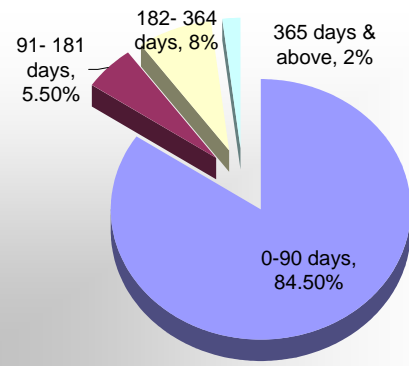
Portfolio Details

YTM	5.25%
Avg Mat.	0.26 yrs
Mod D	0.24
Corpus	694.0 Crs

Debt Market Outlook:

The bull-run in the domestic gilts market continues unabated, with the yields on the 10 year G-sec declining by nearly 186 bps during the 1 month period. Going forward, the swift decline in inflation raises optimism that RBI may resort to a more aggressive rate cut. The RBI initiative to drastically reduce the key interest rates on 2nd Jan is indicative of this intent. An important measure in the 2nd Stimulus package has been the RBI step to increase the FII investment ceiling in the Re-denominated Indian corporate bond market. The ceiling has been pushed further up from the current US\$ 6 bn to US\$ 15 bn. This measure aims at boosting liquidity in the bond market; while also support the Rupee in the Forex market. In this backdrop, we are hopeful that the credit-spread between the gilts and the corporate bonds may narrow. We believe that the rally in the gilts would extend into the corporate bond market as well in the coming period. Going forward, the yields on the 10-yr - sec may trade in the 4.75-5.00% range.

Maturity Profile



Portfolio as on 31st Dec 08	% To NAV	Rating
91 Days Treasury Bill 13/03/2009	34.25%	SOV
Reverse Repo	22.72%	-
6.96% Government Stock - 2009	14.43%	SOV
CBLO	13.47%	-
7.33% Government Stock - 2009	3.61%	SOV
5.48% Government Stock - 2009	3.61%	SOV
91 Days Treasury Bill 13/02/2009	3.58%	SOV
91 Days Treasury Bill 27/02/2009	2.42%	SOV
7.27% Government Stock - 2013	2.33%	SOV
7.55% Government Stock - 2010	0.74%	SOV

Entry Load	Exit Load
Nil	Nil

Scheme Details

Investment Objective

To generate risk free returns through investments in sovereign securities issued by the Central Govt and/or State Govts and/or reverse repos in such securities.

Investment Pattern

Portfolio of securities will have a Weighted Average Maturity of upto 4 years.

Benchmark Index

I-Sec Si-Bex

Kotak Gilt is an open-ended dedicated gilt scheme. **Investment Objective:** To generate risk free returns through investments in sovereign securities issued by the Central Govt and/or State Govts and/or reverse repos in such securities. **Risk Factors:** - Mutual Funds investments are subject to market risks and there is no assurance or guarantee that the objectives of the Schemes will be achieved. As with any securities investment, the NAV of the Units issued under the Schemes can go up or down depending on the factors and forces affecting the capital and money markets. Past performance of the Sponsor/AMC/Fund or that of existing Schemes of the Fund does not indicate the future performance of the Schemes. Kotak Gilt is only the name of the Scheme and does not in any manner indicate the quality of the Scheme, future prospects or returns. **Statutory:** 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. **Before investing, please read the Offer Document.**