

## About Income Plus Investment

The investment objective of the scheme is to generate risk free returns through investments in sovereign securities issued by the Central and/or State Government(s) and / or reverse repos in such securities. The sovereign nature of government securities offers investor a credit-risk free play on interest rates. The scheme offers a play on interest rates by managing duration actively. Duration is increased if the view is that of falling interest rates and vice versa. The scheme also enables retail participation in the otherwise wholesale government securities market. Kotak gilt investment is suitable for investors who do not want to take on credit risk associated with other debt instruments and have a time horizon of over one year.

## Portfolio Action

Given the continuation of the liquidity deficit, the near-term yields may continue to remain high, and may even rise further as Bank deposit rates undergo upward revision. Also, there is uncertainty regarding the treatment of the under-recovery in fuel prices. Moreover, the market may adopt a watchful stance in the run-up to the budget to assay the supply scenario in FY12.

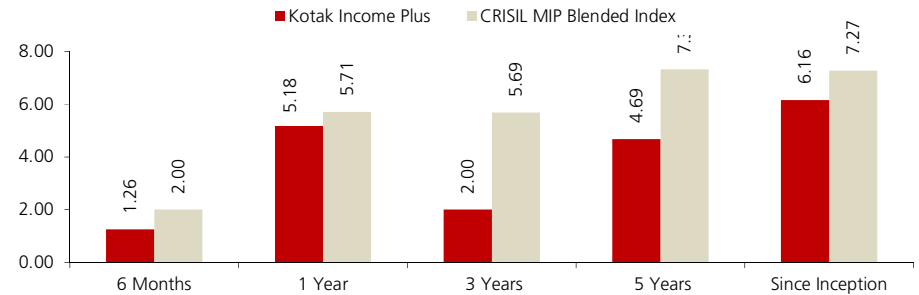
During the period, the duration of the scheme was reduced marginally. Among the new equity entrants, Siemens, IndusInd Bank, ONGC, and Wipro were the prominent ones. Other than that, the scheme added new CDs of Punjab & Sind Bank, ICICI Bank, Dena Bank, Uco Bank, and State Bank Of Bikaner & Jaipur. During the same period, the scheme exited from the equity scrips of OBC, Jet Airways, Talwalkars, and Chambal Fertilizers, amongst others. Also, the scheme exited from the debentures of HDFC, Aditya Birla Nuvo, IDFC, and Tech Mahindra.

## Scheme Facts

<b>Structure</b>	An Open- Ended Dedicated Gilt Unit Scheme Debt Scheme
<b>AUM*</b>	₹.162.94crs.
<b>Launch Date</b>	December 02, 2003
<b>Benchmark</b>	Crisil MIP Blended Index
<b>Min. Initial Inv.</b>	(i) Dividend Re-investment & Growth and Dividend Payout (Quarterly) - ₹ 5000 & above (ii) Dividend Payout (Monthly) - ₹. 50,000 & above
<b>Entry load</b>	Nil
<b>Exit load</b>	For redemptions / switch outs (including SIP/STP) within 1 year from the date of allotment of units, irrespective of the amount of investment:1%
<b>Additional Inv.</b>	₹ 1000 & in multiples of Re 1
<b>Standard Deviation<sup>^</sup></b>	5.68
<b>Beta<sup>^</sup></b>	0.66
<b>Sharpe<sup>^</sup></b>	-0.40
<b>Alpha<sup>^</sup></b>	-3.17
<b>YTM</b>	9.50%
<b>Portfolio Modified Duration</b>	0.60 yrs
<b>Average Maturity</b>	1.15 yrs

\* Source: Value Research  
All figures as on 31<sup>st</sup> January 2011

## Kotak Income Plus Performance (%) as on 31<sup>st</sup> January 2011



Kotak Gilt Investment Regular Plan: ₹. 15.3555 (Growth Option), ₹ 9.9359 (Monthly Div), 10.2163 (Quarterly Div), Returns <= 1 year: Absolute; Returns > 1 year: CAGR (Compounded Annualised Growth Rate). Scheme in inception since 02<sup>nd</sup> Dec, 2003

Past performance may or may not be sustained in future.

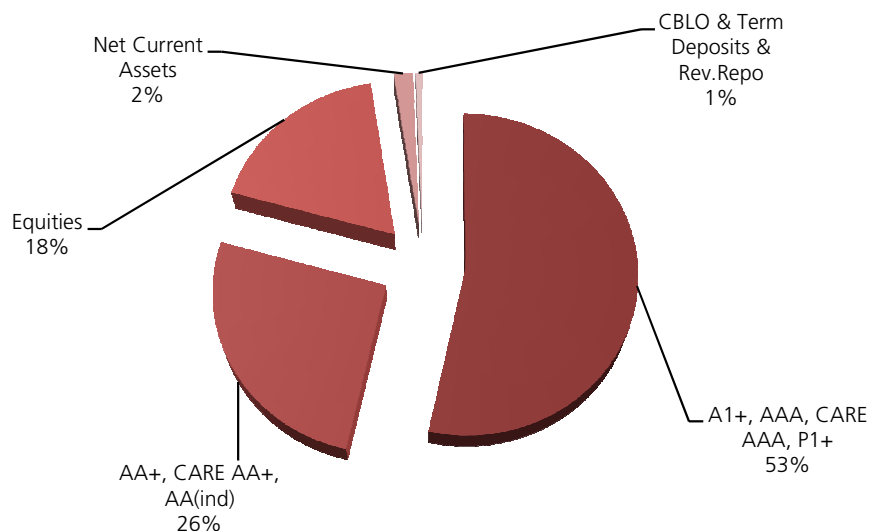
## Top 10 Holdings

Company Name	Rating	Percentage
ICICI Securities Primary Dealership Ltd.	AAA	14.56%
Shriram Transport Finance Co Ltd.	AA(ind)	11.40%
Others		11.07%
Punjab & Sind Bank	P1+	9.12%
Sundaram BNP Paribas Home Finance Ltd	CARE AA+	8.98%
ICICI Bank Ltd.	A1+	7.91%
Dena Bank	P1+	7.31%
Reliance Capital Ltd.	CARE AAA	7.27%
UCO Bank	P1+	5.48%
Union Bank of India	AA+	5.47%

## Sector Allocation

Debentures and Bonds	47.68
Equities	18.25
Net Current Assets	1.82
CBLO & Term Deposits & Rev.Repo	0.61
Commercial Paper (CP)/Certificate of Deposits (CD)	31.64

## Rating Profile



## About Kotak Mutual Fund

Kotak Mahindra Asset Management Company Limited (KMAMC) is a wholly owned subsidiary of Kotak Mahindra Bank Limited (KMBL). KMBL has over two decades of experience in financial services and services 6.7 million customers. KMBL has a market capitalisation of USD 7.43 billion\* (as on 31st Jan 2011). KMAMC is the Asset Manager for Kotak Mahindra Mutual Fund (KMMF). It started operations in December 1998 and has over one million investors in various schemes. KMMF offers schemes catering to investors with varying risk - return profiles and was the first fund house in the country to launch a dedicated gilt scheme. KMAMC manages assets worth USD 6.02 billion\* as of 31<sup>st</sup> January 2011. (Source: kotak.com & amfiindia.com)

\* The numbers are converted using the Rupee- USD reference rate published by the Reserve Bank of India as on the respective dates.

## To know more

**Call** : 1800-222-626 ( Toll Free), **Mumbai** 6638-4400, **Delhi** 66306900 / 02, **Chennai** 28221333 / 45038171, **Kolkatta** 64509802 / 03, **Pune** 64013395 / 96, **Ahmedabad** 26779888, **Banglore** 66128050 / 51, **Hyderabad** 66178140 / 41, **Visit** [mutualfund.kotak.com](http://mutualfund.kotak.com)

## Disclaimer

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 and securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the Scheme will be achieved. \*As with any securities investment, the NAV of the Units issued under the Scheme can go up or down depending on the factors and forces affecting the capital markets. \* Past performance of the Sponsor / Fund / AMC or that of existing Schemes of the Fund does not indicate the future performance of the Scheme. \* The NAV of the Scheme may be affected, inter alia, by changes in the market, performance of individual stocks, trading volumes, settlement periods and transfer procedures. \* Appreciation of the value of the Units issued under the Scheme can be restricted in the event of a high asset allocation to cash, when stock appreciates. \* Tax laws may change, affecting the return on investment in Units. \*In the event of receipt of a very large number of redemption requests or very large value redemption requests or of a restructuring of the Scheme's portfolio, there may be delays in the redemption of Units. Please refer to the paragraph on "Right to limit Redemption" in the Statement of Additional Information. \*Kotak Mahindra Bank Limited is not liable or responsible for any loss or shortfall resulting from the operations of the Scheme Statutory: Kotak Mahindra Mutual Fund is a Trust (Indian Trusts Act, 1882). Investment Manager: Kotak Mahindra Asset Management Company Ltd. Sponsor: Kotak Mahindra Bank Ltd. (liability ₹. NIL). Trustee: Kotak Mahindra Trustee Company Ltd. **Mutual Fund investments are subject to market risks. Please read the Scheme Information Document (SID) & Statement of Additional Information (SAI) carefully before investing. SID & SAI available on [mutualfund.kotak.com](http://mutualfund.kotak.com)**