

January 2013

Balanced Fund

Balanced funds also known as Hybrid funds invest in combination of debt and equity instruments to provide a portfolio which combines the growth opportunities of equity and steady income from the debt. It also helps in a diversified portfolio which is lower in volatility as compared to equity and also provides potentially higher return opportunities than a debt fund.

These funds aims to provide the best of both equity and debt investment opportunities with a combination which is ideal given the market conditions.

Scheme Objective

The investment objective of the Scheme is to provide income distribution and / or medium to long term capital gains while at all times emphasizing the importance of capital appreciation.

Product Positioning:

Tata Balanced Fund aims at seeking a combination of equity and debt investments which optimize the returns on the portfolio at the same time lower the volatility of returns. The scheme actively manages the combination of the equity and debt investments depending upon the existing market conditions and outlook. It aims to seek an optimum combination of capital appreciation and income opportunities.

The scheme invests both in equity & debt instruments with a bias towards equity & equity related instruments. The schemes turns almost as aggressive as normal equity scheme in case of bullish market phase but less risky when market heads southward.

The Scheme focuses to invest in companies based on various criteria including sound professional management, track record, industry scenario, growth prospectus, liquidity of the securities, etc. The Scheme will emphasize on well managed, good quality companies with better growth prospectus on the equity side.

On the debt side, the fund focuses on optimizing returns with lower volatility and emphasis on building a portfolio of quality papers. The debt portion aims at generation of stable income flows to the portfolio.

Key Benefits:

- Best of both Equity and Debt asset class by way of growth opportunities in equity markets and steady income from debt markets
- Benefits of diversification through a combination of equity and debt
- Balanced fund with a 'Monthly Dividend'* option.

* Monthly dividend is not assured and is subject to availability of distributable surplus

Fund House Investment Philosophy:

In the management of equity portfolios, we will seek to provide better investment performance through fundamental research-driven stock selection process.

We believe that investment success over a period of time comes from buying fundamentally sound companies, identified through rigorous research process, at appropriate prices. We believe that we need to focus on two broad sets of companies –

- **Higher quality set of businesses** – companies that have compounding characteristics, good governance, better management quality, innate strengths in their business areas and superior capital efficiency.
- **Tactical opportunity set** - Businesses having a basic standard of quality, which may make a good purchase at a certain valuation. This is the other set of companies that we track for trading gains

On the debt side, we believe in following our core philosophy of SLR – Safety of investments, adequate Liquidity of the portfolio and optimal Returns given the risk profile. The focus is to build a portfolio of quality papers.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Top 10 Equity Portfolio as on 31/12/12

Scrip Name	% to Net Assets
HDFC Limited	4.27
ICICI Bank Ltd	4.23
Strides Arcolab Ltd	4.07
HDFC Bank Ltd	3.50
Grasim Industries Ltd.	3.26
HCL Technologies Ltd	3.07
ITC Ltd	2.96
Tata Motors Limited	2.87
Amara Raja Batteries Ltd	2.46
Jai Prakash Associates Limited	2.40
Total	33.09

Source: Internal data as on 31st Dec 2012

Debt Portfolio as on 31/12/12

Scrip Name	Rating	% Net Assets
Government Securities		
GOI - 8.97% (05/12/2030)	SOV	5.51
GOI - 8.83% (12/12/2041)	SOV	4.58
GOI - 8.20% (24/09/2025)	SOV	2.07
GOI - 9.15% (14/11/2024)	SOV	1.10
GOI - 8.15% (11/06/2022)	SOV	1.04
NCD - Non Convertible Debentures		
HDFC LIMITED	CRISIL- AAA	3.09
EXIM BANK	CRISIL- AAA	2.06
RURAL ELECTRIFICATION CORP. LTD.	CRISIL- AAA	1.08
POWER FINANCE CORPORATION	CRISIL- AAA	1.06
HINDALCO INDUSTRIES LTD	CRISIL- AA+	1.05
RURAL ELECTRIFICATION CORP. LTD.	CRISIL- AAA	1.04
SMALL INDUST DEVELOP		
BANK OF INDIA	CRISIL- AAA	0.58
NATIONAL HOUSING BANK	FITCH AAA	0.42
L & T FINANCE LTD	CARE- AA+	0.29
STATE BANK OF INDIA	CRISIL- AAA	0.16
LIC HOUSING FINANCE LTD	CARE- AAA	0.02
Repo		0.84
Net Current Liabilities		-0.80
Total		25.19

Source: Internal data as on 31st Dec 2012

Top 10 sectors as on 31/12/12

Industry	% Net Assets
Finance	14.64
Banks	12.30
Pharmaceuticals	8.83
Consumer Non Durables	7.41
Cement	6.16
Software	4.52
Auto Ancillaries	3.92
Media & Entertainment	3.25
Auto	2.87
Industrial Products	2.05
Total	65.95

Source: Internal data as on 31st Dec 2012

Quantitative Indicators

		Scheme	Crisil BFI
Average P/E	: 25.27	Std. Dev (Annualised)	: 11.06 12.31
Average P/BV	: 1.27	Sharpe Ratio	: -0.08 -0.21
Annual Portfolio		Portfolio Beta	: 1.05 1.00
Turnover Ratio	: 118.55	R Squared	: 0.91 1.00

Portfolio turnover has been computed as the ratio of the lower value of average purchase and average sales to the average net assets in the past one year (since inception for schemes that have not completed a year) ^ Risk-free rate based on the last 3 months T-Bill cut-off of 8.15%. Past Performance may or may not be sustained in future. Source: www.mutualfundsindia.com

Key Fund details

Date of Inception : Oct 8, 1995.
Average Fund Corpus : ₹ 445.62 Crores*.
Investment Options : (Including Direct Plan)
1. Growth Option
2. Dividend Option/Monthly Dividend ^
Min. Purchase Investment : ₹ 5000/- & in multiples of ₹ 1/- thereafter.
Min. Additional Purchase : ₹ 1000/- & in multiples of ₹ 1/- thereafter.
Min. redemption and switches : Redemption / switches request can be made in amounts with Min. of ₹ 500 or 50 units or for all the Units.
Min. SIP Amount (Monthly) : ₹ 500/- & in multiples of ₹ 1/- thereafter. Min. of 12 installments or 6 if the amount is ₹ 1,000/- each & in multiples of ₹ 1/-.
Min. SIP Amount (Quarterly) : ₹ 1000/- & in multiples of ₹ 1/- thereafter. Min. of 6 installments or 4 if the amount is ₹ 1,500/- each & in multiples of ₹ 1/-.
SIP dates for investing : Any day of the month.
Liquidity : All business day.
Transparency of operation /NAV Disclosure : All business days.

* For the period 1st Oct 2012 to 31st Dec 2012

#Currently there is no minimum amount requirement in case unitholder is opting for an all units switch

^ Monthly dividend is not assured and is subject to the availability of distributable surplus. Past performance may or may not be sustained in future. After payment of dividend the NAV will fall to the extent of dividend payout and statutory levy, if any.

Kindly refer to our website: www.tatamutualfund.com for complete portfolio details.

Dividend History

Dividend Option	
Dividend p.u. (₹) on Face Value of ₹ 10	NAV (₹) (Date of Declaration of dividend)
1.25	12.9027 (15/07/1999)
2.50	20.0062 (03/04/2000)
1.25	19.0084 (09/09/2003)
1.50	22.6691 (11/03/2004)
3.00	24.7554 (12/01/2005)
4.00	40.5078 (01/12/2006)
2.00	42.7533 (13/07/2007)
1.00	52.4219 (07/12/2007)
1.00	32.5227 (24/04/2009)
3.00	50.9370 (19/03/2010)
3.00	53.6877 (15/02/2012)

Monthly Dividend Option	
Dividend p.u. (₹) on Face Value of ₹ 10	NAV (₹) (Date of Declaration of dividend)
0.1000	51.3412 (13/08/2010)
0.5173	53.1638 (13/09/2010)
0.5329	53.9529 (08/10/2010)
0.5482	54.0193 (12/11/2010)
0.5300	50.8391 (10/12/2010)
0.5135	49.1985 (14/01/2011)
0.4804	46.2226 (11/02/2011)
0.4697	46.6244 (11/03/2011)
0.4835	48.8005 (08/04/2011)
0.4705	47.9953 (13/05/2011)
0.4770	47.4998 (10/06/2011)
0.4795	48.1593 (08/07/2011)
0.8000	45.5027 (12/08/2011)
0.8000	44.5255 (09/09/2011)
0.2500	43.6410 (14/10/2011)
0.3000	43.7191 (11/11/2011)
0.3000	41.6013 (09/12/2011)
0.3000	41.4199 (13/01/2012)
0.3000	44.1551 (10/02/2012)
0.3000	44.3462 (09/03/2012)
0.3000	43.9782 (13/04/2012)
0.3000	42.2765 (11/05/2012)
0.3000	42.6831 (08/06/2012)
0.3000	44.1681 (13/07/2012)
0.3000	44.5514 (10/08/2012)
0.3500	45.7662 (14/09/2012)
0.3500	46.8467 (12/10/2012)
0.3500	46.6436 (09/11/2012)
0.3500	47.8167 (14/12/2012)

Past performance may or may not be sustained in future. After payment of dividend the NAV will fall to the extent of dividend payout and statutory levy, if any. (Unit face value - ₹ 10/-).

Statutory Details: Investment Manager: Tata Asset Management Ltd. **Trustee:** Tata Trustee Company Ltd. **Constitution:** Tata Mutual Fund (TMF) has been set up as a Trust under the Indian Trusts Act, 1882. **Sponsors & Settlers:** Tata Sons Ltd., Tata Investment Corporation Ltd.

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