

# MOST

## FACT SHEET

February 2012

### Highlights

- RBI cut CRR by 50 bps during the 3rd quarter review of its credit policy, structural systemic liquidity deficit reduced due to CRR cut, easing short term yields.
- Rate cut showed signs of RBI changing its stance from inflation centric to growth supporting.
- Dec. headline inflation number came at 7.47% vs 9.11% in Nov. 2011, creating room for further rate easing.
- RBI continued with OMO indirectly supporting the systemic liquidity & continued supply of G-secs.



### message from the CEO

Dear Investors,

Greetings. I am happy to announce that the innovative MOST 10 Year Gilt Fund has grown steadily since opening to almost double the initial AuM. At the same time, the yields have continued to slide signifying not just a movement but a trend in the fixed income markets. While this throws up interesting investment opportunities in coupon yields and capital appreciation, equity markets have begun to look interesting as well. This is in line with our core passive concepts to investing, along with asset allocation. A well designed asset allocation which rebalances at predetermined returns / risk stands to fulfil the portfolio mandate rather than any attempt to time the market or active stock picking.

We look forward to your continued patronage of MOST Shares and MOST Funds

Regards,  
Nitin Rakesh  
CEO

## MOST INNOVATIVE FUND OF THE YEAR

(CNBC TV18 - CRISIL Mutual Fund Awards 2011)

MOTILAL OSWAL MUTUAL FUND

# MOST SHARES M50

Motilal Oswal MOST Shares M50 ETF (MOST Shares M50) won the CNBC TV18 - CRISIL Mutual Fund Awards 2011 in the Category – Most Innovative Fund of the Year. In total 13 schemes/plans/themes were eligible for the award universe. Mutual fund schemes/plans/themes launched in 2010 across all categories and nominated by Asset Management Companies to CRISIL were considered for the award. The award is based on CRISIL's assessment of the product concept, marketing and distribution channels, timeliness of launch and mobilization attributable to the scheme. Past performance is no guarantee of future results.  
Rankings and Award Source: CRISIL Fund Services, CRISIL Ltd.

**MOTILAL OSWAL**  
Mutual Fund

**MOST Shares**

Acts like a fund, Trades like a share

**Scheme Classification & Investment Objective:** Motilal Oswal MOST Shares M50 ETF (MOST Shares M50), an open ended Exchange Traded Fund that seeks investment return that corresponds (before fees and expenses) generally to the performance of the MOST 50 Basket (Underlying Basket), subject to tracking error. **Asset Allocation:** Securities constituting MOST 50 Basket: 95%-100%; Debt and Money market instruments and cash at call: 0-5%. The total exposure to Derivatives would be restricted to 10% of the net assets of the Scheme. **Risk Factors:** (1) All Mutual Funds and securities investments are subject to market risks and there can be no assurance that the Scheme's objectives will be achieved (2) As the price / value / interest rates of the securities in which the Scheme invests fluctuates, the Net Asset Value (NAV) of units issued under the Scheme may go up or down depending upon the factors and forces affecting the securities market (3) Past performance of the Sponsor/AMC/Mutual Fund and its affiliates does not indicate the future performance of the Scheme and may not provide a basis of comparison with other investments (4) Motilal Oswal MOST Shares M50 ETF (MOST Shares M50) is the name of the Scheme and does not in any manner indicate either the quality of the Scheme, its future prospects and returns. Please read the Scheme Information Document (SID) & Statement of Additional Information (SAI) carefully before investing (5) The Sponsor is not responsible or liable for any loss or shortfall resulting from the operation of the Mutual Fund beyond the initial contribution made by it of an amount of Rs. 1 Lac towards setting up of the Mutual Fund (6) The present Scheme is not a guaranteed or assured return Scheme. **Statutory Details:** Constitution: Motilal Oswal Mutual Fund has been set up as a trust under the Indian Trust Act, 1882. Trustee: Motilal Oswal Trustee Company Ltd. Investment Manager: Motilal Oswal Asset Management Company Ltd. Sponsor: Motilal Oswal Securities Ltd

# FUND MANAGER'S SPEAK



Dear Investors,

In the bygone month, investors got a late Christmas Present as equity markets rallied globally from depressed levels. This rally was driven by investors increasing exposure to equities and risky assets. Equity markets across the world saw significant capital flows, with emerging markets seeing capital inflows in the range of USD 5 bn for the month. India also saw FII inflows to the tune of USD 2 bn (Rs 105 bn). This resulted in Indian equity market being the best performing equity market globally after having been the worst performing market in 2011.

The strong investor appetite for equities was driven by recovery in US where 3QCY11 growth came in at 1.8% and all indicators point to stronger growth in 4QCY11 and the Federal Reserve Bank pledged to keep interest rates at current low levels till 2014, essentially underwriting the global recovery. Although the credit rating of various European countries had been downgraded by Standards and Poor with France being stripped of its coveted AAA credit rating, various European countries were able to raise debt funding at rates which were 100-300 bps lower than rates at which they had earlier raised funds in CY11.

On the domestic front, the index of industrial production (IIP) recovered from -4.7 percent growth in October to 5.9 percent growth in November. This is still slower than the 8% increase observed in IIP in the year ago period and has been mainly due to slowdown in manufacturing and mining sectors predominantly driven by contraction in capital formation. The Reserve Bank of India (RBI) has indicated its concern with slowing pace of capital formation which has the potential of hurting medium term growth prospects and aggravating demand side inflation if not checked. The curbs imposed on forex arbitrage by the RBI, direct intervention on certain days and strong capital inflows driven by strong investments in equity markets and steps taken to increase FII participation in debt markets helped the rupee reverse the downward spiral against major currencies globally.

The decline in wholesale price index (WPI) inflation from an average of 9.7 percent in April-Oct 2011 to 7.5 percent in December 2011, along with appreciation in Rupee has provided RBI the room it needed to start monetary easing. In its recent review of the monetary policy, the RBI has reduced the CRR rate by 50 bps. Further, RBI has indicated that it will continue its policy of Open Market Operations through which it bought Rs 700 bn of government securities held by banks and injected liquidity in the monetary system. This has helped reduce the liquidity stress arising as a result of higher than budgeted borrowings by the central government. RBI has also indicated its discomfort at the high level of fiscal slippages and indicated that there should be cap on government debt to help propel economic growth in a stable environment.

Although the power and aviation segments are under stress, the consumer is holding well and four wheeler sales showing signs of recovery as Maruti's volumes increased 5% yoy, Tata Motors volumes increasing 16% yoy and M&M volumes increasing 12% yoy. Corporate earnings and guidance is broadly better than expected with some companies like Infosys, TCS, L&T, ICICI bank, Yes Bank, Kotak Mahindra reporting strong earnings and giving better guidance while others like BHEL, Punjab National Bank and Reliance Industries reporting weaker than expected earnings.

Driven by strong FII inflows, declining inflation, easing of monetary stance by RBI, reasonable valuations and reasonable earnings, Indian equity markets appreciated sharply. The continued OMO by RBI and reduction of CRR along with a potential future cut in CRR if required, led to 85 bps decline in the yield of 10 year government bond since November 2011. RBI had indicated that it would like credit supply to industries to be smooth. RBI has also indicated that interest rates have peaked and policy rates are expected to be reduced in the near future. Reforms like GST, Direct tax code (DTC), opening up of sectors like retail, steps to reduce stress in the power sector, if taken can also boost the markets and Indian economy.

However one should be cautious as any fiscal profligacy by Government of India during next fiscal year will not be taken lightly by the markets. Further the Greek debt problem is turning out to be tougher to solve than initially estimated and Europeans are taking longer than expected to put their house in shape. Various international agencies have scaled down growth estimates for 2011 and 2012 for both the advanced economies and emerging markets. The increase in price of commodities especially oil, in the last month, as a result of high capital flows in January coupled with geo-political uncertainties can put the fragile global and domestic recovery at risk and need to be watched.

Regards,

**Rajnish Rastogi**

Fund Manager

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## Risk Disclosure and Disclaimer

**Statutory Details:** Constitution: Motilal Oswal Mutual Fund has been set up as a trust under the Indian Trust Act, 1882. Trustee: Motilal Oswal Trustee Company Ltd. Investment Manager: Motilal Oswal Asset Management Company Ltd. Sponsor: Motilal Oswal Securities Ltd.

**Risk Factors:** (1) All Mutual Funds and securities investments are subject to market risks and there can be no assurance that the Scheme's objectives will be achieved (2) As the price / value / interest rates of the securities in which the Scheme invests fluctuates, the Net Asset Value (NAV) of units issued under the Scheme may go up or down depending upon the factors and forces affecting the securities market (3) Past performance of the Sponsor/AMC/Mutual Fund and its affiliates does not indicate the future performance of the Scheme and may not provide a basis of comparison with other investments (4) Motilal Oswal MOST Shares M50 ETF (MOST Shares M50), Motilal Oswal MOST Shares Midcap 100 ETF (MOST Shares Midcap 100), Motilal Oswal MOST Shares NASDAQ-100 ETF (MOST Shares NASDAQ100) and Motilal Oswal MOST 10 Year Gilt Fund (MOST 10 Year Gilt Fund) are the name of the Schemes and does not in any manner indicate either the quality of the Schemes, its future prospects and returns. Investors are therefore urged to study the terms of offer carefully and consult their Investment Advisor before they invest in the Scheme (5) The Sponsor is not responsible or liable for any loss or shortfall resulting from the operation of the Mutual Fund beyond the initial contribution made by it of an amount of Rs. 1 Lac towards setting up of the Mutual Fund (6) The present Schemes are not guaranteed or assured return Schemes. Please read the Scheme Information Document (SID) and Statement of Additional Information (SAI) carefully before investing.

### About the Scheme

Scheme Name	Motilal Oswal MOST Shares M50 ETF (MOST Shares M50)
Type of Scheme	An open ended Exchange Traded Fund
Investment Objective	The Scheme seeks investment return that corresponds (before fees and expenses) generally to the Performance of the MOST 50 Basket (Underlying Basket), subject to tracking error. However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.
Benchmark	MOST 50 Basket and S&P CNX Nifty Index
Continuous Offer	On NSE: Investors can buy/sell units of the Scheme in round lot of 1 unit and in multiples thereof.  Directly with the Mutual Fund: Investors can buy/sell units of the Scheme only in creation unit size i.e. 50,000 units and in multiples thereof.

### Scheme Details

Date of Allotment	28 July 2010	
NAV	₹70.6829	
Quarterly AAUM (Dec. 30th, 2011)	₹86.19 (₹ crores)	
Tracking Error*	0.43% (Annualised)	
Total Expense Ratio ^	1.00% p.a.	
Standard Deviation	24.81 (Annualised)	
Sharpe Ratio#	-0.60 (Annualised)	
Portfolio Turnover Ratio	0.65	
	MOST 50	Nifty 50
Beta	1.00	1.07
R-Squared	1.00	0.97

\*Against the benchmark MOST 50 Basket ^ Year-to-date. #Risk free returns based on 365-days T-bill cut-off of 8.4713% as on the last auction. (Data as on 31st January 2012)

NSE Symbol	M50	ISIN Code	INF247L01015
Bloomberg Code	MOSTM50	Entry Load	N. A.
Reuters Code	M50.NS	Exit Load	NIL

### Fund Manager

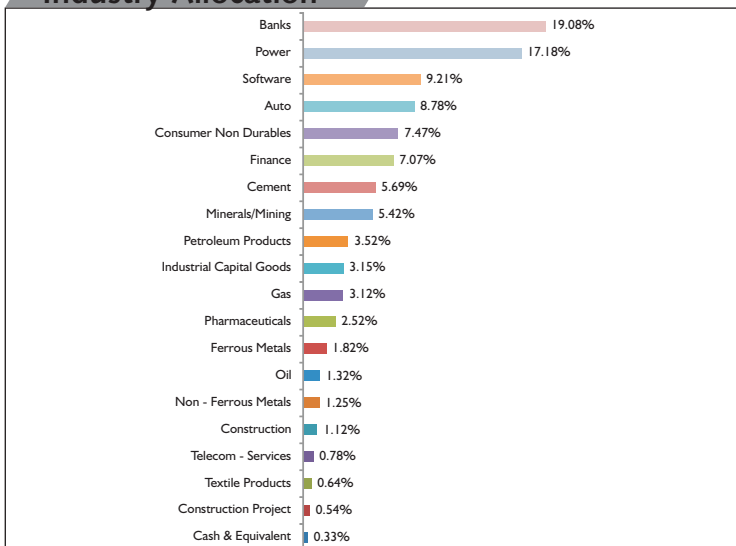
Fund Manager	Mr. Rajnish Kumar Rastogi	Experience	He has 14 years of experience in the Financial Services Industry. He has been managing this fund since inception.
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### Performance

Date		Scheme		Benchmark	
		Nav Per Unit (₹)	Motilal Oswal MOST Shares M50 ETF Returns (%) ^	S&P CNX Nifty Returns (%)	MOST 50 Basket Returns (%)
December 31, 2010 To December 30, 2011	1 Year	61.5442*	-29.36%	-24.62%	-28.86%

^ Past performance may or may not be sustained in the future. \* NAV as on Dec. 30, 2011 (NAV as on Dec. 31, 2010 : ₹87.1199)

### Industry Allocation



(as on 31st January 2012)

### Top 10 Holdings

Sr. No.	Scrip	Weightage in M50 ^
1	H D F C	7.07%
2	Axis Bank	6.83%
3	M & M	5.54%
4	State Bank Of India	5.39%
5	Ambuja Cements	5.08%
6	ICICI Bank	5.01%
7	Sesa Goa	4.87%
8	Reliance Infrastructure	4.71%
9	Wipro	4.26%
10	Hindustan Unilever	3.95%

(as on 31st January 2012)

^ MOST Shares M50

NOTE : Mr. Rajnish Rastogi is also the fund manager for the schemes MOST Shares Midcap 100 & MOST Shares NASDAQ 100, the schemes have not completed one year, hence performance is not provided.

## About the Scheme

Scheme Name	Motilal Oswal MOST Shares Midcap 100 ETF (MOST Shares Midcap 100)
Type of Scheme	An open ended Index Exchange Traded Fund
Investment Objective	The Scheme seeks investment return that corresponds (before fees and expenses) to the performance of CNX Midcap Index (Underlying Index), subject to tracking error. However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.
Benchmark	CNX Midcap Index
Continuous Offer	On NSE: Investors can buy/sell units of the Scheme in round lot of 1 unit and in multiples thereof.  Directly with the Mutual Fund: Investors can buy/sell units of the Scheme only in creation unit size i.e. 2,50,000 units and in multiples thereafter

## Scheme Details

Date of Allotment	31 January 2011
NAV	₹7.2009
Quarterly AAUM (Dec. 30th, 2011)	₹78.66 (₹ crores)
Tracking Error*	0.23% (Annualised)
Total Expense Ratio ^	1.00% p.a.
Standard Deviation	26.05 (Annualised)
Sharpe Ratio#	-0.67 (Annualised)
Portfolio Turnover Ratio	0.55
Beta*	1.00
R-Squared*	1.00

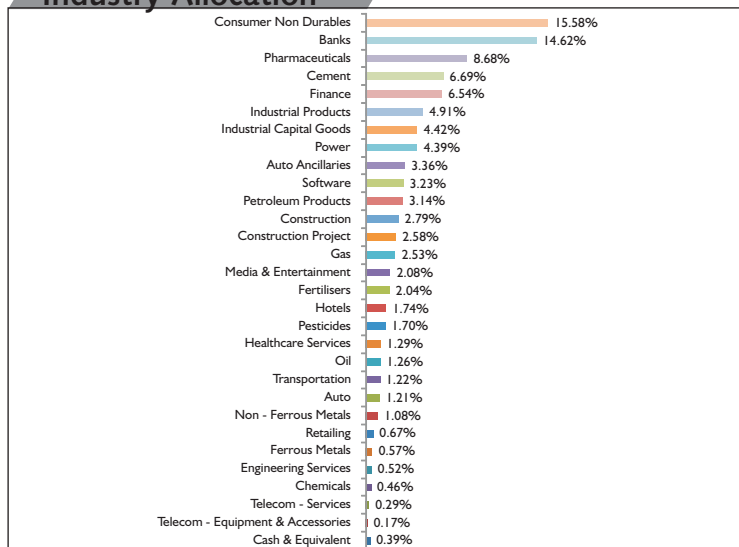
\*Against the benchmark CNX Midcap Total Return Index ^ Year-to-date. # Risk free returns based on 365-days T-bill cut-off of 8.4713% as on the last auction. (Data as on 31st January 2012)

NSE Symbol	MI00	ISIN Code	INF247L01023
Bloomberg Code	MOSTI00	Entry Load	N. A.
Reuters Code	MI00.NS	Exit Load	NIL

## Fund Manager

Fund Manager	Mr. Rajnish Kumar Rastogi	Experience	He has 14 years of experience in the Financial Services Industry. He has been managing this fund since inception.
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## Industry Allocation



(as on 31st January 2012)

## Top 10 Holdings

Sr. No.	Scrip	Weightage in Midcap 100 ^
1	Ultratech Cement	4.04%
2	Titan Industries	2.86%
3	Yes Bank	2.73%
4	LIC Housing Finance	2.57%
5	Colgate-Palmolive	2.28%
6	Glaxosmithkline Consumer Healthcare	2.09%
7	Exide Industries	2.07%
8	Tata Chemicals	2.04%
9	Power Finance Corp	2.01%
10	Cummins India	1.94%

(as on 31st January 2012)

^ MOST Shares Midcap 100

NOTE : Performance for MOST Shares Midcap 100 is not provided, as it has not completed one year. Mr. Rajnish Rastogi is also the fund manager for the scheme MOST Shares M50, for performance of the scheme please refer to page no. 3

## About the Scheme

Scheme Name	Motilal Oswal MOST Shares NASDAQ-100 ETF (MOST Shares NASDAQ 100)
Type of Scheme	An open ended Index Exchange Traded Fund
Investment Objective	The Scheme seeks investment return that corresponds (before fees and expenses) generally to the performance of the NASDAQ-100 Index, subject to tracking error. However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.
Benchmark	NASDAQ-100 Index
Continuous Offer	On NSE & BSE: Investors can buy/sell units of the Scheme in round lot of 1 unit and in multiples thereof.  Directly with the Mutual Fund: Investors can buy/sell units of the Scheme only in creation unit size i.e. 100,000 units and in multiples thereafter

## Scheme Details

Date of Allotment	29 March 2011
NAV	₹122.4479
Quarterly AAUM (Dec. 30th, 2011)	₹49.89 (₹ crores)
Tracking Error*	0.56% (Annualised)
Total Expense Ratio ^	1.00% p.a.
Standard Deviation	3.62 (per month)
Sharpe Ratio#	0.27 (per month)
Portfolio Turnover Ratio	0.46
Beta*	1.00
R-Squared*	1.00

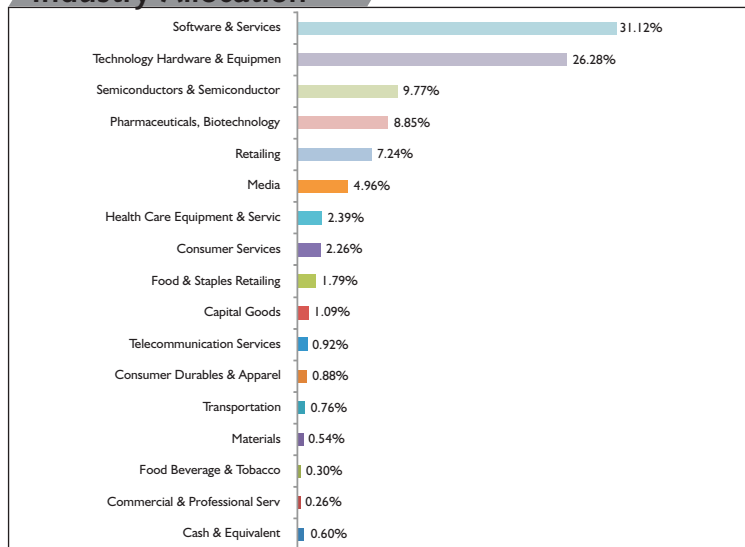
\*Against the benchmark with NASDAQ 100 Total Return Index ^ Year-to-date. # Risk free returns based on 365-days T-bill cut-off of 8.4713% as on the last auction. (Data as on 31st January 2012)

NSE Symbol	N100	ISIN Code	INF247L01031
Bloomberg Code	MOSTNDX	Entry Load	N. A.
Reuters Code	N100.NS or N100.BO	Exit Load	NIL

## Fund Manager

Fund Manager	Mr. Rajnish Kumar Rastogi	Experience	He has 14 years of experience in the Financial Services Industry. He has been managing this fund since inception.
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## Industry Allocation



(as on 31st January 2012)

## Top 10 Holdings

Sr. No.	Scrip	Weightage in N100 ^
1	Apple Inc	15.52%
2	Microsoft Corp	9.18%
3	Google Inc	5.45%
4	Oracle Corp Com	5.32%
5	Intel Corp	5.02%
6	Cisco Sys	3.87%
7	Qualcomm Inc	3.63%
8	Amazon Com	3.22%
9	Amgen Inc	2.21%
10	Comcast Corp	2.03%

(as on 31st January 2012)

^ MOST Shares NASDAQ 100

NOTE : Performance for MOST Shares NASDAQ 100 is not provided, as it has not completed one year. Mr. Rajnish Rastogi is also the fund manager for the scheme MOST Shares M50, for performance of the scheme please refer to page no. 3

## About the Scheme

Scheme Name	Motilal Oswal MOS 10 Year Gilt Fund (MOS 10 Year Gilt Fund)
Type of Scheme	An Open Ended Gilt Scheme
Investment Objective	The primary investment objective of the scheme is to generate credit risk - free return by investing in a portfolio of securities issued by the Central Government & State Government. However there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.
Benchmark	10 Year Benchmark GOI Date Security * and CRISIL Gilt Index  * NDS OM (Negotiated Dealing System Order Matching ) Last traded Price.
Continuous Offer	Minimum Application Amount : ₹10,000 /- and in multiples of ₹1 /- thereafter.  Additional Application Amount : ₹1000 /- and in multiples of ₹1/- thereafter.

## Scheme Details

Date of Allotment	12 December 2011	
NAV (Jan. 31st, 2012)	Dividend	₹10.2312
	Growth	₹10.2312
Quarterly AAUM (Dec. 30th, 2011)	₹17.37 (₹ crores)	
Total Expense Ratio ^	0.99% p.a.	

## ISIN Code

Motilal Oswal Most 10 Year Gilt Fund - Growth	INF247L01049
Motilal Oswal Most 10 Year Gilt Fund - Dividend Reinvestment	INF247L01056
Motilal Oswal Most 10 Year Gilt Fund - Dividend Payout	INF247L01064

## Load

Entry	Nil
Exit	0.5% if redeemed within 6 months

## Fund Manager

Fund Manager	Mr Abhiroop Mukherjee	Experience	He has over 4 year experience in the Fixed Income trading. He has been managing this fund since inception.
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## Portfolio

Security	Issuer	% of holding (as on 31.01.12)
8.79% GOI 2021	Government of India	94.12%
Cash/REPO/CBLO/Others	Government of India	5.88%

(as on 31st January 2012)

## Quantitative Indicators

Average Maturity	9.20 Years
Modified Duration	6.04 Years

(as on 31st January 2012)

NOTE : Performance of MOS 10 year gilt fund is not provided as it has not completed one year.