

SCHEME OBJECTIVE

The primary investment objective of the Scheme is to generate long-term capital growth from a portfolio of equity and equity-related securities including equity derivatives. The portfolio will largely consist of companies, which are amongst the top 200 companies by market capitalisation. The portfolio will limit exposure to companies beyond the top 200 companies by market capitalization upto 20% of the net asset value. The Scheme will normally hold equity and equity-related securities including equity derivatives, of upto 25 companies. Further, the Scheme will also have at least 95% of the invested amount (excluding investments in debt securities, money market securities and cash and cash equivalents) across the top 25 holdings in the portfolio. The Scheme may also invest in debt and money market securities, for defensive considerations and/or for managing liquidity requirements. There can be no assurance that the investment objective of the Scheme will be realized.

WHY INVEST?

- **Concentration = Higher Conviction:** A focused strategy allows the portfolio manager to allocate a higher proportion of the fund to high conviction stocks.
- **Large cap bias through selective bets:** With a concentrated large-cap portfolio, one could generate a greater alpha by focusing on fewer stock ideas with higher weights.
- **Small and mid cap exposure (tactical):** The exposure to small/mid caps (20-25%) bodes well going into the next three years as small and mid cap companies tend to do well in an upward trending market.
- **Focus on Operating Leverage:** The fund manager follows a bottom-up stock selection approach and currently focuses on companies which benefit from operating leverage.
- **Positioned for polarized markets:** We expect to continue seeing market trends where a set of few stocks significantly outperform others. This provides opportunities for the portfolio with best ideas across sectors to generate outsized returns.
- **Risk mitigation:** Concentration risk is mitigated by consciously investing in companies with superior managements and stable cash flows.

PORTFOLIO SNAPSHOT (as on July 31, 2015)

| Top 10 Stocks | % to Net Assets | Top 10 Sectors | % To Net Assets |
|--------------------------------------|-----------------|-----------------------|-----------------|
| HDFC Bank Limited | 7.28% | Banks | 22.99% |
| Bharat Petroleum Corporation Limited | 6.94% | Auto | 17.92% |
| Maruti Suzuki India Limited | 6.36% | Petroleum Products | 10.32% |
| State Bank of India | 6.20% | Software | 7.55% |
| Max India Limited | 5.54% | Consumer Non Durables | 6.10% |
| Larsen & Toubro Limited | 5.33% | Cement | 5.73% |
| Tata Consultancy Services Limited | 5.25% | Finance | 5.54% |
| Britannia Industries Limited | 4.99% | Transportation | 5.43% |
| IndusInd Bank Limited | 4.87% | Construction Project | 5.33% |
| Cummins India Limited | 4.71% | Industrial Products | 4.71% |

EQUITY MARKET OUTLOOK[^]

- July 2015 proved to be an eventful month for Indian equities. After the intra-month volatility, the Sensex eventually closed the month with a gain of +1.20% in INR terms and +0.62% in USD terms.
- While the nervousness around China continued to weigh on EM equities, the Greece Parliament accepted the bailout package offered by its creditors, which put speculations of a "Grexit" to rest.
- In another important development, Iran along with six other major economies clinched the historic nuclear deal which would eventually lift the trade sanctions on Iran and would increase the oil supply in the market. Both these events were enough to lift investor sentiments globally.
- Back home, monsoons have progressed well with the cumulative rainfall being 4% below normal (better than previous predictions by the IMD) up to July 30. July rains have allayed concerns about drought or deficient rainfall this year. This bodes well for food inflation and would provide a greater flexibility to the RBI to cut interest rates going forward.
- While the monsoon session of the Parliament has been disappointing so far with the government unable to pass key bills like GST and the Land Acquisition Bill, the cabinet recently approved the recommendations made by the Rajya Sabha select committee on the GST bill. This could pave the way for passing the GST constitutional amendment bill in the current Parliament session.
- On July 31, the government announced a roadmap to re-capitalize state owned banks (USD 11 billion over FY16-FY19) which bodes well for the sector and the economy at large. In terms of the quarterly earnings, we expect earnings to remain below par in Q1 (June quarter) and Q2 (September quarter) and revive in the second half of the FY16 driven by low inflation, lower interest rates and increase in government spending.
- Crude continues to decline (down 17% in July) which will further strengthen the government's ability to increase spending (capital expenditure) without putting a strain on the fiscal deficit.
- Markets will focus on progress on the monsoons and developments on the GST bill in the current session of the parliament.

[^] Source: Internal.

DSP BlackRock Focus 25 Fund

Open Ended Equity Growth Scheme

JULY 31, 2015

DSP BLACKROCK
MUTUAL FUND

FEATURES

- Adopts a flexible approach to investing through market cycles, managing both bottom-up and top-down exposures.
- The Portfolio is currently invested 90% in Large Caps and 10% in Mid-Caps.
- Current positioning - The fund has an overweight position in Consumer Discretionary, Information technology and Telecommunication and has an underweight position in Energy, Materials and Utilities. However, this fund focuses on stock selection rather than sector selection.
- The fund has increased its exposure to around 50% in cyclical, 30% in defensives and 30% in forex earners (IT and Pharma).

SCHEME FACTS (as on July 31, 2015)

| | |
|-----------------|--------------------------------------|
| Scheme AUM ₹:® | 544.35 Cr. |
| Scheme NAV# ₹: | RP: 18.235 |
| Inception Date: | 10 Jun 2010 (RP) 01 Jan 2013 (DP) |
| Benchmark: | S&P BSE 200 |

#Growth Option; ®Scheme AUM as on July 31, 2015
RP: Regular Plan, DP: Direct Plan

FEATURES

- Minimum investment and minimum additional purchase
- Regular Plan & Direct Plan:
₹ 1,000/- & any amount thereafter.
- Options available: (Both plans)
 - Growth
 - Dividend
 - Payout Dividend
 - Reinvest Dividend
- Entry load: Not Applicable
- Exit load:
 - For holding period < 24 months: 1%;
 - For holding period >= 24 months: NIL

The exit load of the Scheme has been changed on prospective basis for investments made on or after August 1, 2015. Investors are requested to read the relevant notice and addenda to the SID and KIM available at www.dspblackrock.com for further details.

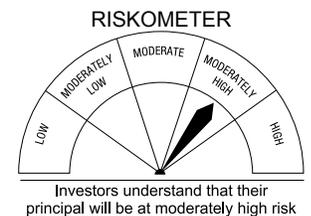
*Investors are requested to visit the website of DSP BlackRock Mutual Fund ('the Fund') at www.dspblackrock.com or AMFI's website at www.amfiindia.com for NAV at each plan and option level for the Schemes of the Fund, which is updated on each business day.

PRODUCT LABELLING & SUITABILITY

This Scheme is suitable for investors who are seeking*

- Long-term capital growth with exposure limited to a maximum of 25 stocks from an investment universe of top 200 companies by market capitalization
- Investment in equity and equity-related securities to form a concentrated portfolio

* Investors should consult their financial advisors if in doubt about whether the product is suitable for them.



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We have included statements / opinions / recommendations in this document, which contain words, or phrases such as "will", "expect", "should", "believe" and similar expressions or variations of such expressions, that are "forward looking statements". Actual results may differ materially from those suggested by the forward looking statements due to risk or uncertainties associated with our expectations with respect to, but not limited to, exposure to market risks, general economic and political conditions in India and other countries globally, which have an impact on our services and / or investments, the monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices etc.

All figures and other data given in this document are dated and the same may or may not be relevant in future. Investors are advised to consult their own legal, tax and financial advisors to determine possible tax, legal and other financial implication or consequence of subscribing to the units of the DSP BlackRock Mutual Fund ("Fund").

The sector(s)/stock(s)/issuer(s) mentioned in this document do not constitute any recommendation of the same and the Fund may or may not have any future position in these sector(s)/stock(s)/issuer(s). **Past performance may or may not be sustained in the future. There is no guarantee of returns/ income generation in the Scheme. Further, there is no assurance of any capital protection/capital guarantee to the investors in the Scheme.** The portfolio of the scheme is subject to changes within the provisions of the Scheme Information Document (SID) of the scheme. Please refer to the SID for investment pattern, strategy and risk factors.

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