



# DSP BLACKROCK BOND FUND

## AN IDEAL LONG TERM SAVINGS OPTION

DSP BLACKROCK  
MUTUAL FUND

### Outlook:

- The Government bond market is bracing up for further borrowing by the Government to bridge the gap in the revenue collection. Judging by the interim budget the Government is going to borrow Rs. 1,000 crore a day on an average over next 13 months.
- We expect bond yields to trend up due to the Government borrowings. The Government bond yield curve is likely to steepen as heavy supply at the long-end of the curve may keep long bond yields elevated.
- Money market rates have come down by 15-25 basis points in the last fortnight. However, we expect them to firm up towards the middle of March on account of advance tax outflows and redemption pressures in the mutual funds.
- Corporate bond spreads have narrowed to 245 basis points from around 300 basis points primarily due to upward movement in the Government bond yields amid thin trading activity.

### Strategy

- We expect the Government bond yield curve to steepen further
- We prefer Government bonds with maturities between 5Y and 10Y on a relative value basis
- We expect corporate spread to narrow in the near term due to lack of supply
- We remain underweight in corporate bonds with higher focus on medium-term Government bonds

### Features:

|  |   |  |  |
|--|---|--|--|
| Date of Inception                          | : April 29, 1997  | Additional Purchase Options            | : Rs. 1000/-<br>● Growth<br>● Dividend<br>- Payout Dividend - Reinvest Dividend                |
| Entry Load                                 | : NIL   | Dividend Distribution Tax <sup>#</sup> | : Individuals & HUF - 14.1625 %<br>Others- 22.66 %<br>(Including surcharge and education cess) |
| Exit Load<br>(For Regular & SIP Investors) | : For investment amount<br>>= Rs. 50 Lakh: NIL<br>< Rs. 50 Lakh<br>For holding period from the date of allotment:<br>< 12 months: 1%<br>>= 12 months: NIL |  |  |
| Cut off time                               | : 3:00 pm for subscription/redemption   |  |  |
| Minimum Application Amount                 | : Rs. 5000 and in multiples of Re. 1/- thereafter   |  |  |

<sup>#</sup>Provided for general information purposes only and not to be construed as any advice.

### Comparative performance (as on Feb 27, 2009)

| PERIOD                           | COMPOUNDED ANNUALISED RETURN |   |
|----------------------------------|------------------------------|---|
|                                  | DSPBRBF                      | CRISIL COMPOSITE BOND FUND INDEX <sup>^</sup> |
| 6 Months                         | 12.65%                       | 8.37%   |
| 1 Year                           | 11.57%                       | 7.82%   |
| 3 Years                          | 7.50%                        | 6.50%   |
| 5 Years                          | 5.55%                        | 4.84%   |
| Since Inception (Apr 29, 1997)   | 9.59%                        | NA <sup>#</sup>                               |
| NAV / Index Value (Feb 27, 2009) | Rs. 29.5655                  | 1,510.38                                      |

### Rating Profile (as on Feb 28, 2009)

| Rating                 | % to Net Assets |
|------------------------|-----------------|
| AAA                    | 69.31%          |
| AA+                    | 0.21%           |
| AA                     | 1.52%           |
| F1+ / P1+              | 0.31%           |
| CASH & CASH EQUIVALENT | 28.65%          |

<sup>^</sup>Benchmark. Returns < 1 year are absolute returns. Since inception returns are calculated on Rs. 10/- invested at inception, viz. date of allotment. All returns are for Growth Option. <sup>#</sup>Since historical data for the benchmark is not available, performance has not been compared. **Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments.**

## Portfolio as on February 28, 2009

|  | NAME OF THE INSTRUMENT                                  | RATING  | % TO NET ASSETS |
|--|---|---------|-----------------|
| <b>Money Market Instruments</b>        |   |         |                 |
| <b>Certificate of Deposit</b>          |   |         |                 |
| 1                                      | HSBC Bank   | F1+     | 0.21%           |
| 2                                      | IDBI Bank   | P1+     | 0.10%           |
| <b>Total</b>                           |   |         | <b>0.31%</b>    |
| <b>CENTRAL GOVERNMENT SECURITIES</b>   |   |         |                 |
| 3                                      | 8.24% CGL 2018  | SOV     | 21.05%          |
| 4                                      | 7.46% CGL 2017  | SOV     | 11.24%          |
| 5                                      | 07.95% CGL 2032   | SOV     | 8.30%           |
| 6                                      | 6.83% CGL 2039  | SOV     | 7.29%           |
|  | 07.56% CGL 2014   | SOV     | 2.30%           |
| <b>Total</b>                           |   |         | <b>50.18%</b>   |
| 7                                      | <b>Securitised Assets</b>                               |         |                 |
|  | India MBS PTC Series 1D (LICHF)                         | AAA(SO) | 0.10%           |
| <b>Total</b>                           |   |         | <b>0.10%</b>    |
| <b>BONDS &amp; NCD's</b>               |   |         |                 |
| 8                                      | <b>Listed / awaiting listing on the stock exchanges</b> |         |                 |
| 9                                      | Exim Bank   | AAA     | 5.51%           |
| 10                                     | Rural Electrification Corporation                       | AAA     | 3.56%           |
| 11                                     | Rural Electrification Corporation                       | AAA     | 2.59%           |
| 12                                     | Shriram Transport Finance Company                       | AA(ind) | 1.52%           |
| 13                                     | LIC Housing Finance FRN                                 | AAA     | 0.57%           |
| 14                                     | Power Grid Corporation of India                         | AAA     | 0.55%           |
| 15                                     | Power Grid Corporation of India                         | AAA     | 0.55%           |
| 16                                     | Power Grid Corporation of India                         | AAA     | 0.54%           |
| 17                                     | Power Grid Corporation of India                         | AAA     | 0.54%           |
| 18                                     | Power Grid Corporation of India                         | AAA     | 0.54%           |
| 19                                     | Power Grid Corporation of India                         | AAA     | 0.54%           |
| 20                                     | Power Grid Corporation of India                         | AAA     | 0.54%           |
| 21                                     | HDFC FRN  | AAA     | 0.53%           |
| 22                                     | Power Grid Corporation of India                         | AAA     | 0.50%           |
| 23                                     | Power Grid Corporation of India                         | AAA     | 0.50%           |
| 24                                     | Power Grid Corporation of India                         | AAA     | 0.49%           |
| 25                                     | Power Grid Corporation of India                         | AAA     | 0.49%           |
| 26                                     | Power Grid Corporation of India                         | AAA     | 0.49%           |
| 27                                     | Axis Bank FRN   | LAA+    | 0.21%           |
| <b>Total</b>                           |   |         | <b>20.76%</b>   |
| <b>CBLO / Reverse Repo Investments</b> |   |         | 24.68%          |
| <b>Total</b>                           |   |         | <b>24.68%</b>   |
| Cash & Cash Equivalent                 |   |         |                 |
| Net Receivables/Payables               |   |         | 3.97%           |
| <b>Total</b>                           |   |         | <b>3.97%</b>    |
| <b>GRAND TOTAL</b>                     |   |         | <b>100.00%</b>  |

**Total AUM:** Rs. 939.24 crore **Modified Duration:** 5.51 yrs **Average Maturity:** 8.82 yrs  
All corporate ratings are assigned by rating agencies like CRISIL, CARE, ICRA, FITCH.

**DSP BlackRock Bond Fund (DSPBRBF/Scheme)** is an open ended income Scheme, seeking to generate an attractive return, consistent with prudent risk, from a portfolio which is substantially constituted of high quality debt securities, predominantly of issuers domiciled in India. As a secondary objective, the Scheme will seek capital appreciation. **Asset Allocation:** Debt & money market securities: 100% (Debt securities may include securitised debts upto 50% of net assets). **Features:** Declaration of NAV on all Business Days. Redemption normally within 3 Business Days. Switching, SIP, STP & SWP facilities available. **Statutory Details:** DSP BlackRock Mutual Fund was set up as a Trust and the settlors/sponsors are DSP ADIKO Holdings Pvt. Ltd. & DSP HMK Holdings Pvt. Ltd. (collectively) and BlackRock Inc. (Combined liability restricted to Rs. 1 lakh). Trustee: DSP BlackRock Trustee Company Pvt. Ltd. Investment Manager: DSP BlackRock Investment Managers Ltd. **Risk Factors:** Mutual funds, like securities investments, are subject to market and other risks and there can be no assurance that the Scheme's objectives will be achieved. As with any investment in securities, the NAV of Units issued under the Scheme can go up or down depending on the factors and forces affecting capital markets. Past performance of the sponsor/AMC/mutual fund does not indicate the future performance of the Scheme. Investors in the Scheme are not being offered a guaranteed or assured rate of return. Each Scheme/Plan is required to have (i) minimum 20 investors and (ii) no single investor holding >25% of corpus. If the aforesaid point (i) is not fulfilled within the prescribed time, the Scheme/Plan concerned will be wound up and in case of breach of the aforesaid point (ii) at the end of the prescribed period, the investor's holding in excess of 25% of the corpus will be redeemed as per SEBI guidelines. DSPBRBF is the name of the Scheme and does not in any manner indicate the quality of the Scheme, its future prospects or returns. For scheme specific risk factors, please refer the Scheme Information Document (SID). For more details, please refer the Key Information Memorandum cum Application Forms, which are available on the website, www.dsplblackrock.com, and at the ISCs/Distributors. **Please read the Scheme Information Document (SID) and Statement of Additional Information (SAI) carefully before investing.**