NFO Note

May 08, 2012

Fund Name: JPMorgan India Hybrid Fund Series 1

Overview: JP Morgan Assest Management India Pvt Ltd has launched a new fund named as JPMorgan India Hybrid Fund Series 1 , 37 month Close ended Income Scheme. The New Fund Offer (NFO) price for the scheme is Rs.10 per unit. The new issue is open for subscription from 07 May and will close on 21 May 2012. The minimum target amount for collection in the NFO period is Rs.20 cr.

Objective: The investment objective of the scheme is to generate returns and reduce interest rate volatility, through a portfolio of fixed income securities that are maturing on or before the maturity of the Scheme along with capital appreciation through equity exposure.

Asset Allocation: The scheme would allocate 65% - 95% of assets in debt and money market instruments including Government of India Securities with low to medium risk profile, 5% - 35% of assets in equity & equity related instruments with medium to high risk profile. 95% to 100% of debt allocation is intended to be invested in AAA rated non-convertible debentures and up to 5% in cash & cash equivalents.

Investment Details: The minimum application amount is Re 5,000 and in multiples of Re 1 thereafter. The scheme's performance will be benchmarked against 15% BSE 200 + 85% CRISIL Composite Bond Fund Index. . No entry and exit load is applicable for the scheme. The scheme offers growth and dividend (payout) option. The AMC has estimated that up to 2.25% of the daily average net assets of the scheme will be charged to the scheme as expenses.

Fund Manager: Mr. Namdev Chougule , Ravi Ratanpal, Amit Gadgil & Karan Sikka will be the Fund Managers for the Scheme. Mr. Namdev Chougule & Ravi Ratanpal will manage Fixed Income and Amit Gadgil & Karan Sikka will manage Equity. Mr. Chougule is B.E in Electronics and MMS in Finance. Prior to this, he has worked with JM Financial Asset Management. He has also worked with Bank of Bahrain & Kuwait, Prebon Yamane (I) and Darashaw Securities. Ravi Ratanpalis a Commerce Graduate from the Mumbai University and MBA (Finance). Mr. Ravi Ratanpal joined the JP Morgan group in 2004. Earlier, he has worked in debt market research and investment banking research. Mr. Gadgil is an M.Com, ACA and PGDM from IIM, Ahmedabad. Prior to joining JPMorgan AMC, had worked for 7 months, with Hansberger Global Investors as Research Analyst and with Deutsche Equities Pvt. Ltd. as Banking, Insurance and Cement Analyst. He has also worked on research and analysis of US companies and UK telecom companies in his earlier jobs. Mr. Karan Sikka is a commerce graduate, CA and CFA charter holder. He joined the JP Morgan Group of companies in December 2004. Earlier, he has worked with Principal Asset Management Co. Pvt. Ltd. and ICICI Bank Ltd.

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The Scheme shall not: Invest in securitized debt, invest in any foreign securities, engage in stock lending and borrowing. invest in asset backed securities. invest in loan Pass Through Certifi cates. invest in mortgage backed securities. invest in structured obligations. invest in unrated instruments, and invest in debt instruments issued by companies in real estate, textiles, gems & jewellery.

Relative performance of the schemes that adapt similar investment strategy

					Asset Allocation			Rolling Return				
Scheme Name	Launch Date	Latest Corpus	Expense Ratio(%)	Average Maturity (Months)	Equity (%)	Debt (%)	Cash (%)	1 Month	3 Month	6 Month	1 Year	Standard Deviation
ICICI Pru Multiple Yield Fund - Plan A (G)	5/20/2011	126	2.21	22.32	20.04	66.60	13.36	1.18	2.99	4.94	-	0.33
ICICI Pru Multiple Yield Fund - Plan B (G)	6/15/2011	134	2.20	24.24	20.64	66.93	12.42	1.08	2.73	5.63	-	0.34
ICICI Pru Multiple Yield Fund - Plan C (G)	7/29/2011	83	2.25	24.72	21.57	65.60	12.83	0.89	3.05	5.80	-	0.34
ICICI Pru Multiple Yield Fund - Plan D (G)	8/22/2011	90	2.08	24.60	21.03	64.09	14.88	1.21	3.95	7.62		0.34
ICICI Pru Multiple Yield Fund - Plan E (G)	10/28/2011	77	2.00	26.40	21.56	66.99	11.45	1.47	5.65		-	0.27
ICICI Pru Multiple Yield Fund - Sr.2 - Plan A (G)	11/23/2011	71	1.98	27.84	23.84	64.34	11.83	1.58	4.83		-	0.27
ICICI Pru Multiple Yield Fund - Sr.2 - Plan C (G)	12/19/2011	45	0.21	28.80	22.77	66.97	10.26	1.58	4.19		-	0.25
ICICI Pru Multiple Yield Fund - Sr.2 - Plan D (G)	1/19/2012	53	2.00	30.84	22.09	69.74	8.17	0.50	-	-	-	0.22
IDFC Saving Scheme - Series I (G)	10/15/2010	38	2.04	15.84	10.82	83.57	5.61	0.07	1.72	3.26	4.93	0.25
Tata SIP Fund - Series 3 (G)	9/20/2011	11	-	-	14.98	-	85.02	-0.09	0.72	3.27	-	0.13

Conclusion: JPMorgan India Hybrid Fund, a close ended mutual fund scheme maturing in 37 months, adopts the defensive investment strategy similar to that of the capital protection schemes. They try to achieve capital protection by investing the most in fixed income securities while allocating the rest in equities to achieve capital appreciation. In this case, the fixed income portion is managed passively and the equity portion is managed actively.

The schemes are likely to offer notable returns if they are launched during high or rising interest rate scenarios and/or depressed equity market conditions.

HDFC Sec NFO Rating: Invest in other better NFOs.

HDFC Sec rates NFOs in the following ways. A comparative score is derived based on the performance of Fund Manager, Schemes which are floated by the AMC and Market trend. Schemes that are having better score are rated as "Strong Subscribe" and having average score are rated as "Subscribe". The schemes that are having low score are rated as "Invest in other better NFOs".

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