

NFO Review
18-Apr-13

BNP Paribas G Sec Fund - Growth Gilt - Long Term (Open ended scheme)

SCHEME FEATURES

Launch Date	NA
Close Date	29/04/2013
Options	Growth/Dividend
Fund Manager	Puneet Pal
Benchmark	I-Sec Gilt
Min. Investment	5000
Min SIP Investment	500

HIGHLIGHTS

The scheme will invest in Government securities. The scheme will be actively managed with an aim to generate optimal and credit risk free returns with high level of liquidity. Active duration management will be part of the scheme's investment strategy. Based on its interest outlook, the Fund Manager may take tactical and/or strategic interest rate calls to manage the investments of the scheme on a dynamic basis in order to exploit emerging opportunities in the market. The scheme doesn't carry an exit load. For the purpose of hedging and portfolio rebalancing, the scheme may also take exposure to derivative instruments such as Interest Rate Swaps, Forward Rate Agreements within the permitted limits set by regulators.

LOAD STRUCTURE

Entry Load is 0%. Exit Load is 0%.

FUND THEME

The scheme seek to generate income and capital appreciation by investing in a portfolio of government securities of various maturities issued by Central & State Government.

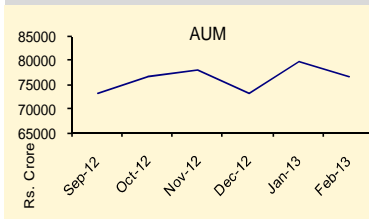
MANDATED ASSET ALLOCATION

GSec issued by Central / State government and Treasury Bills - 65% - 100%.
Reverse repos in Gsec & CBLO.
Units of liquid funds & units of schemes predominantly investing in Gsec - 0% - 35%

PEDIGREE

BNP Paribas Investment Partners is the dedicated asset management business line of BNP Paribas and backed up by the financial strength of one of the best rated banks in the world. BNP Paribas Mutual Fund is part of a global network seeking to combine in-depth local market knowledge with the expertise gained from managing investments throughout numerous market cycles and conditions across the world.

AUM GROWTH

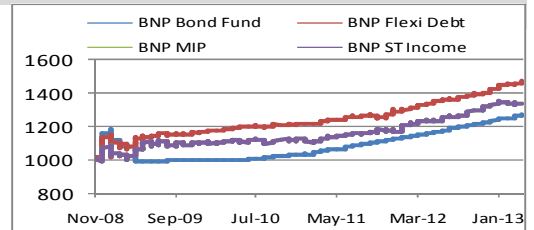


WHY THIS THEME?

Fixed income mutual funds have been delivering high returns for the last one year. When interest rates were rising, the liquid, ultra short term fund and floating rate funds with shorter maturities performed well. However, rising inflation and lower IIP numbers have prompted the RBI to reduce interest rates. The recent policy rate cut has not only come as a sentiment booster for the debt market, but has made the markets optimistic that the RBI will gradually reduce rates in order to support growth further. With the change in interest rate cycle, GSec funds have once again become an attractive investment avenue for investors, with double-digit returns over the past 1 year. With moderating inflation and the government's commitment to reduce the current account and fiscal deficits, further rate cuts could be on the anvil.

QUARTILE PERFORMANCE OF DEBT SCHEMES OF BNP PARIBAS MUTUAL FUND (%)

	Q1	Q2	Q3	Q4
BNP Paribas Bond Fund - Growth	8.83	8.36	10.72	9.96
BNP Paribas Flexi Debt Fund - Growth	10.80	9.77	8.21	10.49
BNP Paribas Money Plus Fund - Growth	8.74	8.3	9.56	10.47
BNP Paribas Short Term Income Fund - Growth	8.22	8.9	10.72	9.93
Crisil 10 Yrs Gilt	10.64	10.64	8.75	13.39



Q-o-Q performance as of 31 March 2013

Returns less than 1 year, simple annualised and greater than 1 year CAGR

PERFORMANCE OF SCHEMES WITH SIMILAR OBJECTIVES (%)

	NAV	Launch Date	YTD	3 M	6 M	1 Yr	3 Yr	5 Yr	Till Date
Birla Sun Life G Sec Fund - LT - Growth	35.09	28-Oct-99	17.56	11.27	14.69	13.54	10.46	12.11	9.76
DSP BlackRock Government Securities Fund	38.98	30-Sep-99	14.60	7.89	12.99	10.46	7.17	9.56	10.56
HDFC Gilt Fund - L T P - Growth	23.84	25-Jul-01	14.93	8.81	13.32	12.65	8.39	7.75	7.68
Kotak Gilt - Investment Regular Plan	41.39	23-Dec-98	14.74	8.32	12.86	12.83	9.94	10.34	10.42
Reliance G Sec Fund - Growth	14.97	22-Aug-08	16.01	9.63	13.68	14.33	8.30	-	8.97

Indices

Crisil 10 Yrs Gilt			12.97	8.13	12.44	10.53	6.87	7.00	-
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Returns less than 1 year, simple annualised and greater than 1 year CAGR

RECOMMENDATION

Under the management of Puneet Pal and given the current interest rate scenario of easing interest rates, investing in Gilt and long duration funds will be prudent. The AMC has identified the following factors for an interest rate cut, which would benefit the scheme: inflation lowest in 3 years, government commitment to reduce fiscal deficit, credit growth lagging deposit growth, excess SLR holdings, CAD and CPI should improve from hereon.

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