

DSP BlackRock Micro Cap Fund - Reg - Growth



1-year as of 31-December-2012

SCHEME OBJECTIVE

The primary investment objective is to seek to generate long term capital appreciation from a portfolio that is substantially constituted of equity and equity related securities, which are not part of the top 300 companies by market capitalisation.

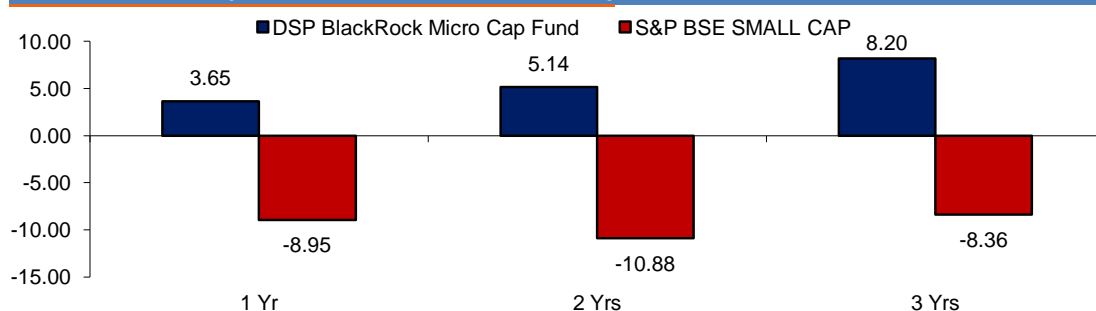
PERFORMANCE

The fund has been amongst the few mid and small cap focused equity funds which have successfully managed to weather the market volatility of the past 5-years.

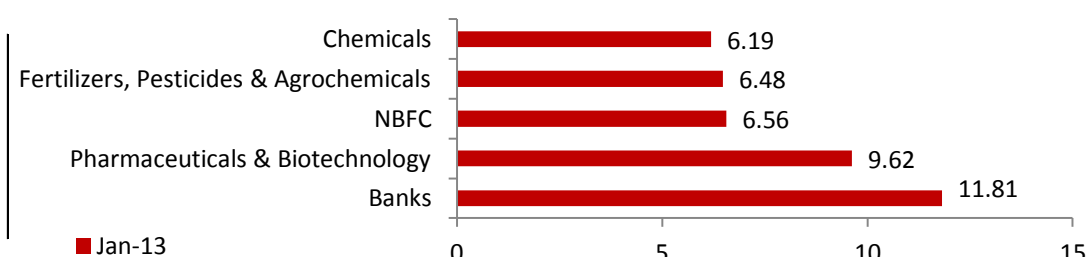
As of 28th February 2013, the fund has managed to deliver an annual return of 3.7% as against the 9% loss delivered by its benchmark index, during the same time period. The fund has also managed to make good, the losses of the 2008 downfall, by delivering an annualised return of 4.6%, over the 5-year period ending 28th February 2013, higher than the 12.7% loss delivered by its benchmark over the same period.

Performance (Scheme V/S Benchmark)

28-Feb-13



TOP 5 SECTORS



TOP 10 STOCK HOLDINGS

| Company Name (As on Jan 13) | % |
|--------------------------------|------|
| Indoco Remedies Ltd. | 5.36 |
| Solar Industries India Ltd. | 4.38 |
| Bajaj Finance Ltd. | 4.16 |
| Karur Vysya Bank Ltd. | 3.96 |
| Oriental Bank of Commerce Ltd. | 3.95 |
| NIIT Technologies Ltd. | 3.63 |
| WABCO India Ltd. | 2.97 |
| Bayer Cropscience Ltd. | 2.96 |
| Siti cable Network Ltd. | 2.95 |
| Lovable Lingerie Ltd. | 2.93 |

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STYLE BOX



FUND MANAGER

The fund is being managed by Mr. Vinit Sambre since June 2010. In March 2013, Mr. Jay Kothari has been appointed as an additional fund manager.

Mr. Vinit Sambre's recent employment history: July 2007 till date - Assistant Vice President - DSP BlackRock Investment Managers Private Limited November 2005 to June 2007 - Assistant Vice President - Global Private Client with DSP Merrill Lynch Limited

PORTFOLIO COMMENTS

The fall-out of investing in smaller companies is that the portfolio offers access to under owned and under researched stocks, moreover, these stocks tend to be uncorrelated to each other or to the broader market trend, thereby offering effective diversification.

The primary concern with investing in small companies is the possible illiquidity in the secondary market, which leads to inefficiency in price discovery. As a result the fund was launched as a close-ended scheme and was converted into an open-ended scheme in June 2010. Since then the fund has managed to reduce the liquidity risk by investing predominantly in mid cap companies.

The fund management believed that the government's commitment to meeting a 4% growth rate for agriculture will translate into higher usage of agrochemicals and fertilizers. This prompted a decision to hold an average 13.28% exposure in Fertilizers segment in 2011. However, it dropped to 8.12% in 2012 indicating a moderate shift in stance, and has further declined to 6.48% as of end January 2013.

The churn in the portfolio is average, with a significant holding period for many stocks.

Investors need to have a long term time horizon for investing here, as the fund charges a 1% exit load for redemptions before 2 years.