

DBS Chola Small Cap Fund

A 3 years close ended equity fund with an automatic conversion into an open ended scheme on expiry of 3 years from the date of allotment

NFO Opens : 20th November, 2007

Closes : 20th December, 2007

From the archives

Step back a moment to 1993.

Infosys made an initial public offer (IPO) at a price of Rs.95 per share. At that time Infosys was a small cap company with a market cap of Rs. 31.8cr. Today its about Rs. 1,05,746 crores. On that journey it had created millionaire employees and millionaire shareholders...

Welcome to Small Cap Investing !

Source: Capitalline, DBS Chola MF Internal Research. Data as on 31st October 2007

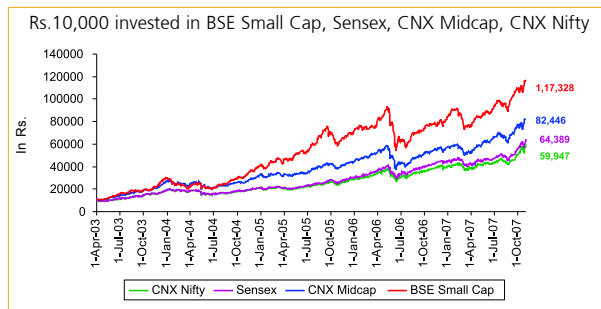
What are Small Cap Stocks?

Small Cap stocks, as defined by the Fund's Objective are those companies whose market capitalisation falls between the highest and the lowest constituent of the BSE Small Cap Index.

Why Small Caps make good investment sense?

1 Long Term Out performance

Small Cap returns over the past few years, and over the longer term, highlight their massive potential. (refer graph)

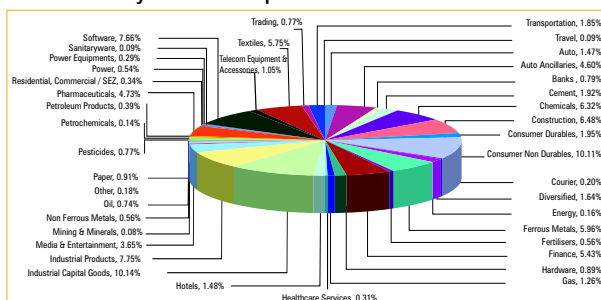


Source : Bloomberg, DBS Chola MF Research

2 Enormous range of opportunity and choice than compared to large cap category

There is a large and diverse group of companies across sectors to choose from among the small cap universe of stocks, to create a well diversified portfolio. Unlike large cap companies, many of these companies are under-researched and provide ample opportunities of identifying undervalued companies. Our analysis has shown that certain key sunrise sectors exists in the small cap space.

Sector Summary: BSE Small Cap Index



Source: Bseindia.com; Classification as per AMFI; Bloomberg

3 Small Caps are large caps of tomorrow

Small cap companies have the potential to deliver significant capital appreciation as they evolve into large caps. These companies are relatively young in their growth trajectory, so their high revenues and earnings growth can compound for lengthy period of time.

What are the benefits to investors investing in small caps ?

- Increased Diversification - Small cap investing is a way to diversify a portfolio concentrated in large cap stocks
- Attractive Potential Returns - Many smaller companies are in an earlier, faster growth phase of business cycle. Their chance for significant expansion can be greater than larger, mature businesses.
- Different Types of Businesses, Not Just Smaller - An allocation to small caps can lead to investing in different types of businesses compared to large cap stocks and industries that are in a more dynamic phase of their growth cycle.

Introducing - DBS Chola Small Cap Fund

Investment Objective: The scheme seeks to generate long term capital appreciation by investing predominantly in equity and equity related instruments of companies with small market capitalization.

What is the fund's broad investment strategy?

At DBS Chola MF, we rely on our own independent research to find out the best investment opportunities available in the market. Before making any investments, our team of analyst and fund managers weigh the risks, consider alternatives, and look at hidden pitfalls. It's integral to our philosophy of intelligently balancing risk and reward for long - term success.

To pursue its investment objective, the fund will normally invest at least 65% of its net assets in stocks of small companies. When choosing stocks, we will look for one or more of the following characteristics:

- Capable Management
- Attractive Business Niches
- Pricing Flexibility / Valuations
- A potential or demonstrated ability to grow revenues, earnings, and cash flow consistently: and
- The potential for value unlocking (such as increased investor attention, asset sales, strong business prospects or a change in management) to cause stock's price to rise

Stock selection may reflect either a growth or value investment approach. Holdings will be widely diversified by industry and company. Under most circumstances, the fund will invest less than 5% of its total assets in any single company. The portfolio will comprise of approximately 40 - 60 stocks. The fund may on occasion purchase companies with market capitalisation outside the range.

Exit Charge : Redemption before expiry of 3 years from the date of allotment will attract an early exit charge equivalent to unamortized NFO expenses.

Fund Manager : R. Rajagopal

Benchmark : BSE Small Cap Index

Who should invest in this fund?

The fund is ideal for:

- Investors seeking for an aggressive, long - term approach to capital growth through a diversified portfolio of small cap stocks
- Investors who want to take advantage of the exciting growth potential of smaller, mostly undiscovered companies
- Investors looking for portfolio diversification
- Investors with a long term horizon

Fund Features

Investment Objective

The scheme seeks to generate long term capital appreciation by investing predominantly in equity and equity related instruments of companies with "small market capitalization".

"Small cap Companies for the purpose of the Fund, are companies whose market capitalization is in between the highest and lowest market capitalization of small cap companies on BSE Small Cap Index at the time of investment.

Type : Closed Ended Equity Scheme

Tenor : 3 years (automatic conversion into open- ended scheme on maturity)

Unit Price : Rs.10/-

Asset Allocation

Instruments	Risk Profile	Min% - Max%
Equity & equity related instruments of small-cap companies	High	65% - 100%
Equity & Equity related instruments of any other companies	High	0 - 35%
Debt Securities and money market instruments	Low to Medium	0 - 35%

Options : Cumulative & Dividend

Minimum Application Amount: Rs. 5000/- and in multiples of Re.1/-

Load Structure

Entry : Nil

Exit : Nil

About us

DBS Cholamandalam Asset Management Ltd, a subsidiary of Cholamandalam DBS Finance Limited, a joint venture between the USD 2 billion Murugappa Group and DBS Bank of Singapore, is the investment manager of DBS Chola Mutual Fund. The company manages assets funds in excess of Rs. 5162 crores (as on Oct 31, 2007) across 21 schemes with over 2,00,000 customer accounts. Known for its prudent and disciplined investment philosophy, DBS Chola Asset Management offers products across the entire range of funds across asset classes in equity, debt and money market. Within each asset classes you will find funds that adhere to distinct investment styles, so that you can build your portfolio that best suits your goals and objectives.

Cholamandalam DBS Finance Limited, is a joint venture between the Murugappa Group and DBS Bank of Singapore. The Company, along with its subsidiaries and affiliates offers individual and institutional customers a range of financial services - personal loans, vehicle finance, home equity loans, capital market finance, corporate finance, mutual funds, securities broking and distribution of investment and insurance products. The Company's shares are listed on Bombay (BSE) and National (NSE) stock exchanges.

DBS - Headquartered in Singapore, DBS is one of the largest financial services groups in Asia. The largest bank in Singapore and the fifth largest banking group in Hong Kong as measured by assets, DBS has leading positions in consumer banking, treasury and markets, asset management, securities brokerage, equity and debt fund raising. Beyond the anchor markets of Singapore and Hong Kong, DBS serves corporate, institutional and retail customers through its operations in Thailand, Malaysia, Indonesia, India and The Philippines. In China, the Bank has branches and representative offices in Shanghai, Beijing, Guangzhou, Shenzhen, Fuzhou, Tianjin, Dongguan and Hangzhou. The Bank's credit ratings are one of the highest among banks competing in the Asia-Pacific region, and the highest among banks in Singapore.

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DBS Chola Small Cap Fund (A 3 years close ended equity fund with an automatic conversion into an open ended scheme on expiry of 3 years from the date of allotment.) The AMC will calculate and publish the first NAV of the scheme not later than 30 days from the closure of the new fund offer. Subsequently the NAVs will be calculated once a week during close ended period and on all business days after conversion to open ended scheme. The repurchase facility will be available at quarterly interval during close ended period. i.e. on last Wednesday of each quarter end. • **Risk Factors:** All investments in Mutual Funds and Securities are subject to market risks and the NAV of the scheme may go up or down, depending upon the factors and forces affecting the securities market. There cannot be any assurance that the scheme's investment objective can be achieved. The past performance of the AMC, Mutual Fund, the Sponsor or its Group affiliation is not indicative of the future performance of the scheme. The Sponsor is neither responsible nor liable for any loss resulting from the operation of the scheme beyond the initial contribution of Rs. 1 Lakh made by them towards setting up of the Mutual Fund. DBS Chola Small Cap Fund is only the name and does not in any manner indicate the quality of the scheme, its future prospects or returns. For scheme specific risk factors and other details, investors are requested to refer to the offer document of the scheme carefully before making any investment. The scheme does not guarantee any assured returns to the investors. •

Statutory Details: DBS Chola Mutual Fund has been established as a trust under the Indian Trust Act, 1882 by Cholamandalam DBS Finance Limited (liability restricted to the seed corpus of Rs. 1 lakh) with DBS Cholamandalam Trustees Limited as the Trustee and DBS Cholamandalam Asset Management Limited as the Investment Manager.