

TATA

INDO-GLOBAL INFRASTRUCTURE FUND

(A 3 years Closed-ended Equity Scheme with an automatic conversion into an Open-ended Scheme on expiry of 3 years from the date of allotment)

About the Fund

Tata Indo Global Infrastructure Fund is a 3 years close-ended equity scheme. The investment objective of the scheme is to generate long term capital appreciation by investing predominantly in equity and equity related instruments of companies engaged in infrastructure and infrastructure related sectors and which are incorporated or have their area of primary activity, in India and other parts of the world. The scheme was launched in October 2007.

Need for Diversification

The Indian markets have outperformed most of the world's markets over the past few years. However, India is not the only market to have performed well. Emerging markets, such as Brazil, Indonesia, China and Latin America, have done as well or even better. This clearly highlights the benefits of diversifying across geographies. Also, by sticking solely to Indian stocks, an investor could potentially miss out on opportunities that exist elsewhere.

Performance of the Fund so far

It is important to note the background and investment climate when the scheme was launched. The scheme was launched in October 2007 when sentiment and markets across the world were steadily rising. All the fundamentals were healthy and the investment climate was sanguine. In January 2008, the index crossed the 21000 level for the first time and was gaining momentum.

However as we all know that after 2008, we had a financial market meltdown followed by liquidity crisis which all emanated from the sub-prime crisis. All this had adverse effect on infrastructure stocks. This led to underperformance of the entire infrastructure sector. This underperformance has been manifested in the performance of the Tata Indo-Global Infrastructure Fund (TIGIF).

Currently, the global economic cycle seems to have bottomed and recovery is underway. The next phase of rally is likely to be driven by earnings upgrades, signs of a sustainable economic recovery and exports turnaround. Infrastructure is expected to be a key investment theme over the next few years as infrastructure-related sectors (e.g. industrials, capital goods) are the key beneficiaries of stimulus packages and proxy of economic recovery.

Economic outlook 2010: Healthy recovery

Asian GDP Growth

	2010 Consensus Jan 2009 %	2010 Consensus Jan 2010 %	2011 Consensus Jan 2010 %
China	8.4	9.1	9.1
Hong Kong	2.7	4.4	4.4
India	7.8	7.9	7.9
Indonesia	5.0	6.0	6.0
Malaysia	4.3	5.0	5.0
Philippines	4.2	3.8	4.5
Singapore	3.5	5.1	5.1
South Korea	3.7	4.2	4.2
Taiwan	3.1	4.6	4.6
Thailand	3.7	4.5	4.5
US	2.3	2.9	3.1

Source: Invesco

Risk appetite is coming back. Risk premium returned to pre-crisis levels



Source: Invesco

Outlook for the fund

The long term fundamentals of the economy should propel the performance of the fund going forward and there should not be disappointment for those investors who have taken a long term view on this sector. The diversification sought through investment of a part of the fund in international infrastructure equity may hold the fund in good stead in the long run.

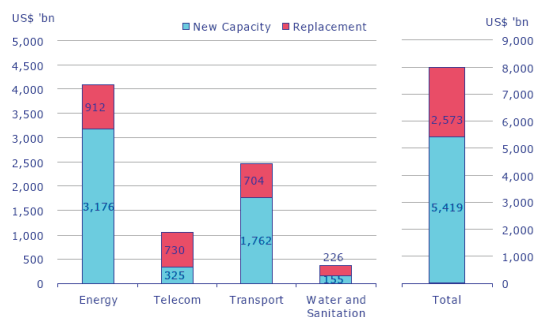
Even at the current level of economic activity, the infrastructure deficit is quite high. Given that demand far exceeds supply, one can hope for continued investments. Inflation, and resultantly, interest rates may most likely be near their peak and should sooner than later roll over. Thus there appears to be a limited risk to infrastructure capex going forward. Therefore in all likelihood order flows may continue to remain robust for companies in the capital goods space, driving strong growth in revenues and earnings over the next 2-3 years.

Besides the opportunities that the Indian economy presents, there are several countries in south-east Asia as well as the oil rich west Asian countries which are investing heavily in infrastructure. This serves well for the international exposure portion of the Tata Indo Global Infrastructure Fund.

Infrastructure opportunities over the next decade

On-going infrastructure spending over the next decade

Asia needs US\$8 trillion between 2010 and 2020

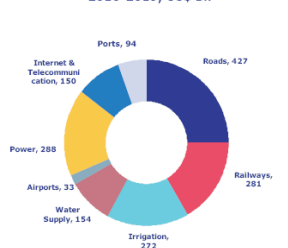


Source: Invesco

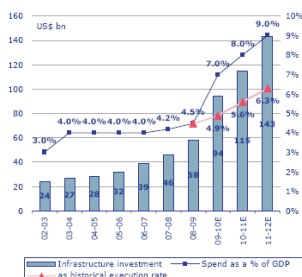
India: infrastructure spending for 2010-19

Strong pipeline of US\$1.7 trillion

Projected need for infrastructure spending 2010-2019, US\$ bn



... a 35% CAGR for next three years



Source: Invesco

The Global Opportunity

This is probably a good time to be bullish on international funds, especially because they have underperformed significantly. It is expected that much of the global equity performance is going to be driven by Asian and emerging markets. These include Brazil, Russia, China, India, Korea, Taiwan, Mexico, Hungary, Indonesia and Malaysia, to name a few. Asia remains a very promising investment destination due to its strong economic fundamentals, one of the highest savings rate and an increasing global interest, which boosts capital formation.

Emerging markets are a good bet since they have better balance sheets, current account surpluses, good foreign exchange reserves and a low debt to GDP. When most of the developed world plunged into recession, many emerging economies saw their GDP ticking upwards.

Economies like the US and Europe could also offer some value plays since stock prices are far below their historic highs.

Thus the infrastructure story, and especially that of the Tata Indo-Global Infrastructure Fund (TIGIF), continues to look optimistic and one is advised to ride over the turbulent period by displaying patience and staying power. The scheme has invested with a long term view given its long term life span. Hence, in the initial phase since the fund invested gradually in a rising market, the fund performance looks moderate. However, given the strong equity selection process that has gone behind the equity stocks of the fund as well as long term potential of these stocks, we are sanguine about the outlook.

Statutory Details and Risk Factors : Name, Nature and Investment objective: Tata Indo-Global Infrastructure Fund: A 3 years close-ended equity scheme. Upon completion of 3 years, the Scheme will automatically be converted into an open-ended scheme, without any further reference from the Mutual Fund/Trustee/ Unitholders. The investment objective of the scheme is to generate long term capital appreciation by investing predominantly in equity and equity related instruments of companies engaged in infrastructure and infrastructure related sectors and which are incorporated or have their area of primary activity, in India and other parts of the world. **Statutory Details: Constitution:** Tata Mutual Fund (TMF) has been set up as a Trust under the Indian Trust Act 1882. **Sponsors:** Tata Sons Limited and Tata Investment Corporation Limited. **Trustee:** Tata Trustee Company Ltd. **Investment Manager:** Tata Asset Management Ltd. **Risk Factors: All investments in Mutual Funds and securities are subject to market risks and there is no assurance or guarantee that the objectives of the Scheme will be achieved. As with investment in stocks, shares and securities, the NAV of the Scheme can go up or down depending on factors and forces affecting the Capital Market.** The Sponsors are not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of Rs. 1 Lac made by them towards setting up the mutual fund. Investors in the scheme are not being offered any guaranteed or assured rate of return. **Tata Indo-Global Infrastructure Fund is only the name of the scheme and does not in any manner indicate either the quality of the schemes, its future prospects or returns.** Investment in foreign Securities is subject to various risks such as currency fluctuations, restrictions on repatriation, changes in regulations, political, economic and social instability and the prevalent tax laws of the respective jurisdictions. The scheme being sector specific will be affected by risks associated with the Infrastructure Sector. **For scheme specific risk factors and other details please read the scheme information document carefully before investing**