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17th June 2010.

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TATA

GILT MID TERM

(An Open-ended Debt Scheme investing predominantly in Government Securities)

FUND

Investment Objective

The investment objective of the scheme is to provide reasonable returns and high liquidity to the Unit holders by investing predominantly in Government Securities having residual maturity up to 15 years. However, there can be no assurance that the investment objective of the scheme will be realized.

Investment Strategy

The investment strategy has been designed to ensure safety along with decent returns through investment in Government Securities, of medium term maturity.

The Fund would endeavor to enhance returns by active duration management of the portfolio in keeping with the interest rate expectations.

When the interest rates are expected to go up, the duration of the fund is reduced, so that the fund is well poised to gain from a higher

interest rate regime.

Conversely, when the interest rates are expected to go down, the duration of the fund is increased so that returns are enhanced from capital appreciation in a lower interest rate regime.

While it is an open ended scheme, investors are expected to stay invested for the long term so that they may gain from the active duration management strategies.

Why the medium terms plan?

Liquid Segment

The medium term segment is the most liquid segment of the G-sec Market. Compared to the longer end papers, the liquidity in papers up to 15 year is fairly good. This provides good trading opportunity for the Fund Manager & expected to generate excess return over I-SEC Composite Index

Larger issuance of papers in the medium term segment

This provides a window of opportunity for the fund manager to participate in the auction at comparatively better rates than the secondary market. Due to higher issuance in this segment, there are better trading opportunities in this maturity bucket.

Attractive Spreads

Compared to the short term yields, the papers in the medium term segment are available at attractive spreads up to 200 - 250 basis points (G-Sec Spreads between 1 – 10 years as on 18th May 2010. Source : Bloomberg), which is at the higher end of the historical range.

Relatively low risk compared to longer end

If the papers are of very long duration estimating the interest rate cycle becomes very difficult and hence less accurate. This uncertainty is likely to have an adverse effect on liquidity. Therefore the medium term securities are considered to be more liquid and hence less risky.

Advantages of investments

- ▶▶▶ Active Duration Management aims to provide higher returns over a long period of time.
- ▶▶▶ Professional Investment Management
- ▶▶▶ Diversification
- ▶▶▶ Effective Investment Planning
- ▶▶▶ Assists in Asset Liability Management
- ▶▶▶ Variety of investments options available
- ▶▶▶ Limited operational hassles

Need for a Medium Term Plan

Investors are not in a position to actively manage their portfolio due to several counts such as:-

- ▶▶▶ Inability to track the interest rates actively
- ▶▶▶ Inability to identify the turn in interest rate cycle
- ▶▶▶ Cumbersome internal processes acts as a deterrent to agile decision making.

Benefits of a Medium term plan

- ▶▶▶ Medium term plan lets you capture a full interest rate cycle and capitalize on active fund management of the fund manager based upon his expectations on interest rate movements

- ▶▶▶ A professional fund manager has a better understanding of the pulse of the market and is agile in decision making
- ▶▶▶ The investor thus gets the services of a specialist who is trained to read macro-economic indicators and make more accurate decisions.

Asset Allocation And Risk Profile

Under normal circumstances, funds of the Scheme, shall (after providing for all ongoing expenses) generally be invested / the indicative asset allocation shall be as follows considering the objective of the Scheme:

Instruments	Indicative allocations (% of total assets)		Risk Profile
	Minimum	Maximum	
Government Securities having residual maturity upto 15 years	65	100	Low to Sovereign
Money Market Instruments	0	35	Low to Medium

HIGHLIGHTS OF THE SCHEME

Name of the Scheme : Tata Gilt Mid Term Fund (TGMTF)

Type of Scheme : An open ended debt fund investing predominantly in Government Securities.

Benchmark : I-SEC Composite Index

Load (SIP & Non SIP):

Entry Load: NIL

Exit Load: 2% if redeemed on or before 5 years from the date of allotment. Nil, if redeemed after 5 years from the date of allotment.

Minimum Subscription Amount: Rs 10,000/- and in multiples of Re 1/- there after. For additional investment by existing investor after the scheme reopens for ongoing transactions Rs.1,000/- and in multiple of Re 1/- thereafter

Duration of the Schemes : The scheme, being an open ended scheme, has perpetual duration.

Investment Options :

a) Growth Option;

b) Dividend Option

Quarterly Dividend (Payout & Re-investment)

Periodic Dividend (Payout & Re-investment)

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Nature & Investment Objective: The investment objective of the scheme is to provide reasonable returns and high liquidity to the Unit holders by investing predominantly in Government Securities having residual maturity upto 15 years. However, there can be no assurance that the investment objective of the scheme will be realized. **Statutory Details: Investment Manager:** Tata Asset Management Ltd. **Trustee:** Tata Trustee Company Ltd. Fort House, 221, Dr. D. N. Road, Fort, Mumbai - 400 001. **Constitution:** Tata Mutual Fund (TMF) has been set up as a Trust under the Indian Trust Act, 1882. **Sponsors & Settlers:** Tata Sons Ltd., Tata Investment Corporation Ltd. **Risk Factors** • All investments in Mutual Fund & securities are subject to market risks & the NAV of the units issued under the schemes can go up or down depending on the factors & forces affecting the capital markets • Mutual Fund & securities investments are subject to market risks & there can be no assurance & no guarantee that the objectives of the scheme will be achieved • Past performance of the previous scheme, the Sponsors or its group affiliates is not indicative of & does not guarantee the future performance of the schemes • Tata Gilt Mid Term Fund is only the name of the scheme & does not in any manner indicate either the quality of the scheme, its future prospects or the returns. • The Sponsors are not responsible or liable for any loss resulting from the operations of the Mutual Fund beyond the contribution of an amount of Rs. 1 lac made by them towards setting up of the Mutual Fund. Investments in debt securities are subject to interest rate risk, credit risk & liquidity risk. • The above scheme is not guaranteed or assured return scheme. • Investment in mutual fund units involves investment risk such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of capital. **Kindly refer Scheme Information Document (SID), Statement of Additional Information (SAI) & Key Information Memorandum (KIM) of the scheme for applicable loads. For scheme specific risk factors & other details please read the SID/SAI/KIM of the scheme carefully before investing.**