

DSP BlackRock Small and Mid Cap Fund

Open Ended Equity Growth Scheme

JUNE 2012

DSP BLACKROCK
MUTUAL FUND

Scheme Objective

An Open ended equity growth scheme, primarily seeking to generate long term capital appreciation from a portfolio substantially constituted of equity and equity related securities, which are not part of top 100 stocks by market capitalization. From time to time, the Investment Manager will also seek participation in other equity and equity related securities to achieve optimal portfolio construction.

Why Invest?

- The Scheme invests in companies that have immense growth potential as they are operating on a smaller base
- Companies in this space generally trade at a discount to their large cap counterparts
- This space remains attractive due to the presence of new businesses and growth opportunities in sunrise sectors

Asset Allocation

Equity and equity related securities which are: 1. (A) not part of top 100 stocks by market cap: 65% - 100%, (B) in the top 100 stocks by market cap: 0% - 35%; Of 1 (A) & 1 (B), investments in ADRs, GDRs & foreign securities: 0% - 25%; 2. Debt and Money Market Securities: 0% - 10%.

Dividend History - DSPBRSMF~ (Regular Plan)

Record Date	Dividend per Unit (₹)	Face Value (₹)	NAV (₹) [@]
23 Mar 2012	1.00	10.000	14.1400
18 Mar 2011	1.25	10.000	14.799
12 Mar 2010	1.25	10.000	15.161

Pursuant to declaration of the dividend, the NAV of the scheme will fall to the extent of the dividend pay out and statutory levy (if any).[@]NAV at the time of declaration. For complete list of dividends, visit www.dspblackrock.com. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments.

Portfolio Snapshot (As on May 31, 2012)

Top 10 Stocks	% to Net Assets	Top 10 Sectors	% To Net Assets
Godrej Industries	3.92%	Consumer Non Durables	10.24%
Eicher Motors	3.64%	Finance	9.55%
Apollo Tyres	3.50%	Software	9.34%
Gruh Finance	3.12%	Chemicals	6.88%
Max India	2.84%	Industrial Products	5.54%
Bajaj Finserv	2.77%	Construction	4.98%
EID Parry India	2.69%	Industrial Capital Goods	4.70%
Info Edge (India)	2.59%	Pharmaceuticals	4.62%
Bombay Dyeing & Mfg Co.	2.58%	Textile Products	3.84%
KPIT Cummins Infosystems	2.58%	Auto	3.64%

Features

- Minimum investment and minimum additional purchase
 - Regular Plan: Rs. 5,000/- and Rs. 1,000/- thereafter.
 - Institutional Plan: Rs. 1 crore and Rs. 1,000/- thereafter
- Options available (for both plans)
 - Growth
 - Dividend - Payout Dividend - Reinvest Dividend
- Entry load: Nil
- Exit load (both plans):
 - For holding period < 12 months: 1%;
 - For holding period >= 12 months - NIL

Equity Market Outlook

- We expect economic growth to remain subdued for the first half (till September) of the financial year (FY2013) due to the lack of investment spend, high crude oil prices and headwinds from the Euro zone
- After a strong start to the calendar year with foreign institutional investors (FIIs), portfolio flows have slowed down in the last couple of months owing to the pessimism around the macroeconomic scenario and potential taxation changes
- However, we believe economic activity could improve in the second half of the financial year as headwinds cited earlier begin to recede and the investment cycle picks up.
- Overall, consumption demand can be expected to remain reasonably strong through the year and we now expect GDP growth to be around 6.0% - 6.5% YoY in FY13 from 6.5% in FY12
- The recent move by the Government to increase the petrol prices is a step in the right direction and we believe that the poor 4Q FY12 GDP number could stir the Government from its current state of policy inaction and force it to take some tough decisions going forward. Any positive development on the reforms front could surprise the market positively
- On the back of the low GDP growth numbers and the extra room offered by low core inflation, we also expect the RBI to cut rates in the upcoming policy meeting on June 18 (after the 50 bps rate cut seen in the April meeting)
- However, the Government's commitment to achieve fiscal discipline and managing overall inflation expectations in the economy will be key influencers for RBI's policy action going forward.

(Source: Morgan Stanley Research, IIFL Research, Bloomberg, Internal as of May 31, 2012)

Scheme Facts (as on May 31, 2012)

Scheme AUM (₹):	1,139.14 Cr.
Scheme NAV (₹):	16.225*#
Launch Date:	14 November 2006
Benchmark:	CNX MID CAP [^]
Min. Initial Investment (₹):	5,000 (R.P.)
Standard Deviation [^] :	22.92%*
Beta [^] :	0.81*
R-Squared [^] :	90.42%*
Sharpe Ratio [^] :	0.03*
Treynor Ratio [^] :	0.01*

[^]Since Inception Ratios #Regular Plan - Growth Option
^{*}Data as on May 31, 2012.



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**Mutual Fund investments are subject to market risks,
read all scheme related documents carefully.**