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**JM FINANCIAL**

**JM FINANCIAL MUTUAL FUND**

Mumbai – March 2007 (Monthly)



**Nityanath Ghanekar**  
CEO & MD

Mr. Nityanath Ghanekar has taken over as CEO & Managing Director of JM Financial Asset Management Private Limited, investment managers to JM Financial Mutual Fund. He has over 25 years of work experience in advising clients in areas of Corporate tax and International Tax, Foreign Investment Consulting, establishment of joint ventures, mergers, de-mergers, acquisitions, business reorganizations, tax due diligence, tax litigation, exchange controls, corporate law and others.

Prior to this, Mr. Ghanekar served as a non-executive director on the board of J. M. Financial Asset Management Company for a period of over 3 years. He was a partner in Love Lock & Lewis, Price Waterhouse Coopers and Ernst & Young over a period of 15 years and Head of transfer pricing practice in Mumbai.

His professional qualifications and affiliations include FCA - Fellow Institute of Chartered Accountants of India, B.Com- University of Mumbai and LLB-University of Mumbai.

## JM Healthcare Sector Fund wins the Gold Award in the ICRA Mutual Funds Awards 2007-

**"Open Ended Sectoral - Healthcare - 1 year performance" category.**

**Disclaimer:** JM Healthcare Sector Fund has been given the Gold Award by ICRA Mutual Funds Awards 2007 in the category Open Ended Sectoral - Healthcare for its 1 year performance till December 31, 2006. The rank indicates top performance within the specified category for its 1 year performance. The rank is an outcome of an objective and comparative analysis against various parameters, including: risk adjusted return, fund size, sector concentration, portfolio turnover, liquidity, company concentration and average maturity. The ranking methodology did not take into account entry and exit loads imposed by the Fund. The rank is neither a certificate of statutory compliance nor any guarantee on the future performance of JM Healthcare Sector Fund. **Ranking Source & Publisher: ICRA Online.**

**The scheme has won the award amongst 5 schemes in the selected category. Past performance is no guarantee of future results.**

## MARKET UPDATE

### Equity Market

**Economy:** This month saw India's economic growth expectation for FY07 raised to 9.2% after the strong performance in the first half of the fiscal and thereafter. The overall fiscal deficit scenario showed signs of being well under control with both the growth in the economy as well as revenue growth being faster than expected. For FY07, as was revealed in the budget, fiscal deficit stood at 3.7% (v/s target of 3.8%) and revenue deficit at 2.0% (v/s target of 2.1%). Fiscal deficit target for the next fiscal year has been pegged at 3.3% for FY08. Impressive ramp up in collections from the implementation of VAT encouraged the Government to announce reduction in CST (Central Sales Tax) which is a step towards moving to GST (Goods and Services Tax). The 2007 Budget has laid a strong emphasis towards rural and agricultural economy and aims to generate purchasing power by running several welfare schemes hand in hand with development of infrastructure. Inflation having dropped from 6.6% to 6.05% in the February numbers shows a key reversal of trend. Globally, crude oil remained volatile during the month. Overall commodities across the board have seen sharp corrections which we believe will reduce inflationary expectations going forward. Economic growth should continue to surprise on the upside driven by large capex and strong consumption growth and a bounce back in rural incomes.

**Corporate:** The annual budget increased outlay towards infrastructure building – roads, electrification, irrigation, pipelines, hospitality and hospital infrastructure. This would benefit sectors like industrial capital goods which were already seeing robust outlook. Although several concessions expected by the industry did not come through. The MAT (Minimum Alternative Tax), increased excise on cement and withdrawal of Sec 80 IA for the construction companies were moves which have caught the markets and the corporates by surprise. However the overall impact of budget on corporate

profitability is largely neutral. Although government has given a clear indication that it is serious about tackling inflation, until there is any specific direct intervention, we expect the profitability of corporates to be strongly driven by consumption.

**Markets:** Equity markets remained highly volatile for the first 20 days of February and global factors along with budget related fears drove the market almost 9% over the January closing for the Sensex. The correction which began on back of a sell-off in Chinese bourses on back of a CRR hike, continued into an emerging market correction and domestic factors like the budget only added fuel to the fire. FII flows were positive to the tune of Rs 56.7 bn. Domestic mutual funds were net sellers to the tune of Rs. 2.5bn. As we enter March, we expect high volatility in the markets. Indicatively, this is a consolidation phase in the markets and our interaction with the corporates depicts a robust FY08 as far as earnings momentum is concerned. Unlike the previous correction in May 2006, we have seen midcaps (BSE Midcap) falling by 7% - a lot lesser than the large caps (Sensex) which fell 11.5% from the time Sensex touched its peak of 14703. This, we believe reflects the relative attractiveness of the midcaps on valuations as well as the under ownership of such stocks.

From here on, our view is that markets are likely to consolidate and bottom out sometime over the next 15 days and subsequently the market upmove should restart. We do not see the markets going substantially below the current levels and from here on the downside risk to the markets is hardly 5 percent with a possible upside of 25 percent over the remaining period of 2007. As such there is no reason to panic as fundamentals remain extremely positive and this is a correction that is part of any large positive upmove.

*(Source: Bloomberg)*

### Derivatives Market

Volatility was the order for the month. The indices witnessed large swings with the indices drifting southwards. The total open interest position in the market continued to remain high in spite of the volatility only on the back of hope by traders and investors that the market will bounce back. The overdue correction was fuelled by the tight liquidity and soaring interest rates and on the top of that the Union Budget 2007 did its job. But far as the arbitrage schemes go, we had a fabulous month in terms of churning the portfolio. The cost of carry was high in the first half of the month and started to fade out towards the end of the month. This month being a short month in terms of the expiry for futures contract the rollovers were not happening at a high rate into the month of March 2007 which is a 5week settlement period. The beginning of the new settlement period from 23rd Feb.2007, was favorable for the schemes as what ever position was rolled over, saw an early unwinding of positions thus enhancing the returns.

# MARKET UPDATE

## Debt Market

Indicators	Current Month	Last month	M-o-M Variation
Forex Reserves* USD Bln	188.85	178.18	10.67
Credit Off take* -Rs Crs	1,752,612	1,714,396	38216
Credit Deposit Ratio *	74.01	73.81	
WPI Inflation*(%)	6.67	5.95	0.72
10-Year Yield - India* (%)	7.97	7.73	0.24
10-year Yield - USA* (%)	4.56	4.80	-0.24
Exchange Rate* USD/INR	44.27	44.18	0.09
Brent Crude per/bbl*	61.00	58.00	3
Reverse Repo-Daily Avg Rs Crs	6,031.00	22.00	6009
Repo Average-Daily Avg Rs Crs	3,500.00	12,600.00	(9,100.00)

\* Data Reported as on month-end, Source RBI, Bloomberg.

Domestic debt market ended lower last month on tight monetary conditions and higher inflationary concerns. After hiking the REPO rate in the credit policy last month the Reserve Bank of India (RBI) surprisingly raised the Cash Reserve Ratio (CRR) for banks by 50 basis points to 6.00%. Bond yields rose in a knee jerk reaction to the announcement of the CRR hike. This move of RBI was targeted towards containing high credit growth & inflation expectations. Higher inflationary concern and monetary tightening led to sell off on the long dated bonds. The Government of India (GOI) initiated another round of fuel price cut to tame inflationary expectation. The GOI cut domestic petrol and diesel prices by Rs 2 and Rs 1 respectively. Bonds attracted buying support at lower levels, on expectation of a bond friendly budget announcement and higher US treasury prices. Domestic liquidity conditions improved as compared to last month on aggressive intervention by the RBI in the forex market, though the money market rates continued to remain firm.

### Factor: Inflation

Short Term: Negative — Medium Term: Neutral

Rising inflation continued to remain a key source of concern for the market. The RBI continued to tighten the monetary policy in wake of higher inflation. WPI inflation for the week ended February 10 rose to 6.63% as compared to 5.95% in the last month on back of continued pressure on primary articles and manufactured products. The primary and manufactured product index rose to 215.80 and 182 respectively as compared to 213.2 & 180.3 last month. Going forward in the month of March 2007, headline inflation is likely to retrace from the current levels on account of lower base effect and the impact of fuel price cut. The fiscal measure taken in the union budget as regards reducing excise and custom duties on few commodities may also rein in inflation expectation.

(Source: Bloomberg)

### Factor: Liquidity

Short Term: Negative — Medium Term: Neutral

Domestic liquidity situation continued to firm in most part of month on unspent government balanced with the RBI, impact of the first tranche of CRR hike and auction outflow. However rising forex reserves and appreciating domestic currency led to aggressive intervention by the RBI in the forex market which helped the domestic liquidity situation to improve. Call rates retraced from 8.40% to around 6.10% levels toward the end of the month. Going forward in the month of March we expect the liquidity situation to remain tight on back of the impact of the outflow of Rs 7500 crores from the second tranche of CRR hike, auction outflow of Rs 9000 and advance tax outflow.

### Factor: Global interest rates

Short Term: Neutral — Medium Term: Positive

US bond yields retraced from 4.80% last month to end lower at 4.56% on back of mixed economic data and a sharp fall in the US stock markets towards the end of the month. The Fed chairman in his testimony to the Congress mentioned that the US economy is poised for a modest growth and inflation expectation have moderated. Yield fell on expectation that the US Federal Reserve will resort to monetary easing. The Bank of Japan and People's Bank of China resorted to monetary tightening. The Bank of Japan raised its short term by 0.25%

point to 0.50% The People's Bank of China, raised the reserve ratio on bank deposits by 0.5% to 10.00% in order to control the boom in lending and real estate development. Besides increasing the deposit reserve requirement ratio, the Government has also raised interest rates to curb excessive liquidity and rapid fixed-asset investment growth. (Source: Bloomberg)

### Factor: Monetary Policy

Short Term: Negative — Medium Term: Negative

The RBI continued to adopt tight monetary policy and raised the CRR by 50 basis points. This move of RBI is targeted towards containing high credit growth & inflation expectations. The total impact will be an outflow of Rs 14000 crores from the banking system. The RBI will continue to adopt a tight monetary policy in view of controlling inflationary expectation and growth momentum.

### Factor: Forex

Short Term: Positive — Medium Term: Neutral

The rupee continued to appreciate in most part of the month on the rating upgrade by the international rating agency and sustained capital flows, but ended flat on aggressive intervention in the forex market by the RBI. Forex reserves continued to rise at record levels, for the week ended 16th February forex reserves stood at USD 188.92 billion. The RBI intervened in the FOREX market to control the sharp appreciation in the domestic currency. We expect the rupee to remain in a range bound manner in the next month; any sharp fluctuation may be capped by RBI intervention in the forex market.

### Factor: Union Budget

Short Term: Neutral — Medium Term: positive

The union budget was a non event for the bond market. Net market borrowing for the FY 2007-08 is pegged at Rs. 109579 crore, which was in line with the market expectations. The Government has estimated a fiscal deficit of 3.7% of the GDP for the FY 2006-07 and 3.3% of the GDP for the FY 2007-08. Plan expenditure for 2007-08 is estimated at Rs. 205100 crore, up by 18.74%, Non-Plan expenditure in 2007-08 is estimated at Rs. 475421 crore up by 16.2%. Total receipts of the Central Government are estimated at Rs. 6,80,521 crore for FY 2007-08, revenue deficit is pegged at Rs. 71478 crore which is 1.5% of the GDP.

**Outlook:** The fiscal deficit and net borrowing for the FY 2007-08 have been as per market expectations. Market will now focus on the borrowing calendar for the first half of the FY 2007-08. The 10-year benchmark yield is likely to range in the band of 7.80%-8.10% till the review of the credit policy in the month April 07. The short end of the curve may continue to remain firm in the month of March 2007 on advance tax outflow, build up of government balances and auction outflow of Rs 8000 crore.

**Strategy:** The short end of the curve is likely to remain firm on back of tight monetary policy. The liquidity situation may continue to remain tight on back of unspent government balance with the RBI, auction outflow of Rs 9000 in the month of March and advance tax outflow. We are running low average maturity across all our schemes. Our strategy will be to focus at the shorter end of the curve and continue to rebalance the portfolio to take advantage of the flatness in the money market curve.

# JM Equity Fund (An open-ended growth scheme)

## PORTFOLIO as on February 28, 2007

Issuer	Market Value (Rs. In Lacs)	% to NAV	Rating
<b>Auto</b>	<b>1,383.02</b>	<b>20.83</b>	
Bajaj Auto	432.45	6.51	
Bajaj Auto - Futures	97.22	1.46	
Mahindra & Mahindra	506.28	7.62	
Maruti Udyog	223.05	3.36	
Maruti Udyog - Futures	124.02	1.87	
<b>Auto Ancillaries</b>	<b>417.94</b>	<b>6.29</b>	
Apollo Tyre	417.94	6.29	
<b>Bank</b>	<b>16.94</b>	<b>0.26</b>	
Indian Bank	16.94	0.26	
<b>Cement</b>	<b>377.53</b>	<b>5.68</b>	
Shree Cements	377.53	5.68	
<b>Construction</b>	<b>480.07</b>	<b>7.23</b>	
Hindustan Construction Co.	335.73	5.06	
Hindustan Construction Co. - Futures	144.34	2.17	
<b>Consumer Non Durable</b>	<b>518.35</b>	<b>7.81</b>	
Gitanjali Gems	267.61	4.03	
Hindustan Lever	4.19	0.06	
Mc Dowell	246.55	3.71	
<b>Hardware</b>	<b>137.10</b>	<b>2.06</b>	
Tata Elxsi	137.10	2.06	
<b>Industrial Capital Goods</b>	<b>853.97</b>	<b>12.86</b>	
Bharat Heavy Electricals	509.45	7.67	
Bharati Shipyard	344.52	5.19	
<b>Industrial Products</b>	<b>280.45</b>	<b>4.22</b>	
Cummins India	280.45	4.22	
<b>Non Ferrous Metals</b>	<b>10.90</b>	<b>0.16</b>	
Hindalco Industries	10.90	0.16	
<b>Petroleum Products</b>	<b>1.57</b>	<b>0.02</b>	
Reliance Industries	1.57	0.02	
<b>Power</b>	<b>9.67</b>	<b>0.15</b>	
Power Finance Corporation	9.67	0.15	
<b>Real Estate Developers</b>	<b>438.81</b>	<b>6.61</b>	
Ansal Properties & Infrastructure	124.66	1.88	
Peninsula Land	314.15	4.73	
<b>Software</b>	<b>712.62</b>	<b>10.73</b>	
Firstsource Solutions	18.20	0.27	
Infotech Enterprises	321.46	4.84	
Mphasis BFL	372.96	5.62	
<b>Textile Products</b>	<b>488.04</b>	<b>7.35</b>	
Bombay Rayon Fashions	488.04	7.35	
<b>Total Equity</b>	<b>6,126.98</b>	<b>92.25</b>	
<b>Non Convertible Debenture</b>	<b>200.17</b>	<b>3.01</b>	
HDFC	200.17	3.01	AAA
<b>Total Debt</b>	<b>200.17</b>	<b>3.01</b>	
<b>CBLO &amp; Others*</b>	<b>313.75</b>	<b>4.74</b>	
<b>Total</b>	<b>6,640.90</b>	<b>100.00</b>	

(\*includes net receivables / payables, if any)

**Total Corpus as on February 28, 2007 - Rs. 66.41 Crores**

## NAV as on February 28, 2007 :

Growth Plan (Rs.) : 34.20  
 Dividend Plan (Rs.) : 15.37

**Inception : 1st April, 1995**

**Fund Manager : Sandip Sabharwal**

### Investment Objective :

To provide optimum capital growth and appreciation.

### Performance (%) :

Plan	1 Yr	3 Yrs	5 Yrs	Incep.*
Growth Plan	15.15	31.38	37.23	10.87
BSE Sensex**	24.76	31.61	29.41	12.25

\* Inception date = Allotment date i.e. 01.04.1995

\*\* **Benchmark Index:** BSE SENSEX

Note: Compounded Annualised Growth Returns (CAGR) for period 1 year or more, with reinvestment of dividends (if any). Past performance may or may not be sustained in future.

### Dividend History :

FY 2006-07 Dividend Plan : 20.00%  
 FY 2005-06 Dividend Plan : 40.00%  
 FY 2004-05 Dividend Plan : 45.00%  
 FY 2003-04 Dividend Plan : 20.00%

After payment of dividend, the NAV will fall to the extent of payout and distribution taxes wherever applicable. Past performance may or may not be sustained in future. The face value per unit is Rs.10/-.

### Portfolio Turnover Ratio : 0.1926

## ASSET CLASSIFICATION (%)



TOTAL EQUITY	92.27
CBLO & OTHERS*	4.72
TOTAL DEBT	3.01

(\*includes net receivables / payables, if any)



JM BALANCED FUND  
IN HYBRID-EQUITY ORIENTED CATEGORY  
(33 Open-Ended Schemes) for 3 and 5 years  
periods ending February 2007.

# JM Balanced Fund (An open-ended balanced scheme)

## PORTFOLIO as on February 28, 2007

Issuer	Market Value (Rs. In Lacs)	% to NAV	Rating
<b>Auto</b>	<b>48.91</b>	<b>3.68</b>	
Tata Motors	48.91	3.68	
<b>Banks</b>	<b>3.28</b>	<b>0.25</b>	
Indian Bank	3.28	0.25	
<b>Cement</b>	<b>75.55</b>	<b>5.68</b>	
India Cements	53.61	4.03	
Orient Paper & Industries	21.94	1.65	
<b>Construction</b>	<b>107.38</b>	<b>8.07</b>	
Era Constructions (India)	68.08	5.12	
Punj Lloyd	39.30	2.95	
<b>Construction &amp; Engineering</b>	<b>1.52</b>	<b>0.11</b>	
Akruti Niranman	1.52	0.11	
<b>Consumer Non Durable</b>	<b>82.38</b>	<b>6.19</b>	
Dabur India	39.57	2.97	
Hindustan Lever	42.81	3.22	
<b>Ferrous Metals</b>	<b>75.45</b>	<b>5.68</b>	
Jindal Steel & Power	28.67	2.16	
Jindal Vijayanagar Steel	46.78	3.52	
<b>Finance</b>	<b>49.88</b>	<b>3.75</b>	
Reliance Capital	49.88	3.75	
<b>Industrial Capital Goods</b>	<b>126.58</b>	<b>9.51</b>	
Alstom	84.72	6.37	
Emco	41.86	3.15	
<b>Media &amp; Entertainment</b>	<b>30.94</b>	<b>2.33</b>	
Entertainment Network (India)	30.94	2.33	
<b>Non Ferrous Metals</b>	<b>3.27</b>	<b>0.25</b>	
Hindalco	3.27	0.25	
<b>Petroleum Products</b>	<b>0.32</b>	<b>0.02</b>	
Reliance Industries	0.32	0.02	
<b>Power</b>	<b>1.88</b>	<b>0.14</b>	
Power Finance Corporation	1.88	0.14	
<b>Real Estate Developers</b>	<b>14.84</b>	<b>1.12</b>	
Peninsula Land	14.84	1.12	
<b>Software</b>	<b>235.91</b>	<b>17.73</b>	
HCL Technologies	60.09	4.52	
Infotech Enterprises	113.66	8.54	
Satyam Computers Services.	62.16	4.67	
<b>Telecom-Services</b>	<b>4.42</b>	<b>0.33</b>	
Tanla Solutions	4.42	0.33	
<b>Total Equity</b>	<b>862.51</b>	<b>64.83</b>	
<b>Floating Rate Bonds</b>	<b>400.87</b>	<b>30.13</b>	
Mah & Mah Fin Ser	100.00	7.52	AA+
HDFC	10.01	0.75	AAA
IDBI	210.14	15.80 <sup>#</sup>	AA+
IRFC	80.72	6.07	AAA
<b>Total Debt</b>	<b>400.87</b>	<b>30.13</b>	
<b>CBLO &amp; Others*</b>	<b>67.00</b>	<b>5.04</b>	
<b>Total</b>	<b>1,330.38</b>	<b>100.00</b>	

(\*includes net receivables / payables, if any)

<sup>#</sup> Increase over 10% on account of market movements / change in net assets of the scheme.

**Total Corpus as on February 28, 2007- Rs. 13.30 Crores**

## NAV as on February 28, 2007 :

Growth Plan (Rs.) : 21.99  
Dividend Plan (Rs.) : 16.71

**Inception : 1st April, 1995**

**Fund Manager : Sandeep Neema**

### Investment Objective :

To provide steady current income as well as long term growth of capital.

### Performance (%) :

Plan	1 Yr	3 Yrs	5 Yrs	Incep.*
Growth Plan	19.38	24.47	25.61	18.22
CBFI **	14.67	17.18	NA	NA

\* Inception date = Allotment date i.e. 01.04.1995

\*\* **Benchmark Index:**

CRISIL BALANCED FUND INDEX

Note: CAGR for period 1 year or more, with reinvestment of dividends (if any). Past performance may or may not be sustained in future.

### Dividend History :

FY 2005-06 Dividend Plan : 19.30%  
FY 2004-05 Dividend Plan : 25.00%  
FY 2003-04 Growth Plan : 112.00%  
Dividend Plan : 20.00%

After payment of dividend, the NAV will fall to the extent of payout and distribution taxes wherever applicable. Past performance may or may not be sustained in future. The face value per unit is Rs.10/-.

### Portfolio Turnover Ratio : 0.2093

### ASSET CLASSIFICATION (%)



■ TOTAL EQUITY 64.83  
■ TOTAL DEBT 30.13  
■ CBLO & OTHERS\* 5.04

(\*includes net receivables / payables, if any)

*Giving our family of investors many reasons to celebrate*

# JM Basic Fund (An open-ended sector scheme)

## PORTFOLIO as on February 28, 2007

Issuer	Market Value (Rs. In Lacs)	% to NAV
<b>Construction</b>	<b>62.10</b>	<b>6.95</b>
Punj Lloyd	62.10	6.95
<b>Electrical Equipment</b>	<b>40.69</b>	<b>4.55</b>
Indo Tech Transformers	40.69	4.55
<b>Industrial Capital Goods</b>	<b>547.05</b>	<b>61.24</b>
ABB	65.25	7.30
Bharat Bijlee	85.61	9.58
Bharat Heavy Electricals	55.64	6.23
Bharati Shipyard	36.38	4.07
Emco	94.68	10.60*
Kalpataru Power Transmission	87.03	9.74
Larsen & Toubro	65.55	7.34
Thermax	56.91	6.37
<b>Industrial Products</b>	<b>63.85</b>	<b>7.15</b>
Cummins India	63.85	7.15
<b>Oil</b>	<b>56.30</b>	<b>6.30</b>
Hindustan Oil Exploration	20.84	2.33
Oil & Natural Gas Corp.	35.46	3.97
<b>Petroleum Products</b>	<b>75.50</b>	<b>8.45</b>
Apar Industries	48.02	5.38
Reliance Industries	27.48	3.08
<b>Total Equity</b>	<b>845.49</b>	<b>94.64</b>
<b>CBLO &amp; Others*</b>	<b>47.85</b>	<b>5.36</b>
<b>Total</b>	<b>893.34</b>	<b>100.00</b>

(\*includes net receivables / payables, if any)

# Increase over 10% on account of market movements / change in net assets of the scheme.

**Total Corpus as on February 28, 2007 - Rs. 8.93 Crores**

## ASSET CLASSIFICATION (%)



■ TOTAL EQUITY	94.64
■ CBLO & OTHERS*	5.36

(\*includes net receivables / payables, if any)

## NAV as on February 28, 2007 :

JM Basic Fund (Rs.) : 18.49

**Inception : 2nd June, 1997**

**Fund Manager : Asit Bhandarkar**

### Investment Objective :

The primary objective of the Scheme will be to provide capital appreciation to its Unit holders through judicious deployment of the corpus of the Scheme in Energy and Petrochemical sector. This fund shall have the mandate to invest in Oil & Gas, Petrochemicals, Power Generation & Distribution, and Electrical Equipment Suppliers. The fund would continue to remain open-ended with a sector focus.

### Performance (%) :

Plan	1 Year	3 Years	5 Years	Incep.*
Basic Fund	25.27	24.83	30.79	35.10
BSE BII**	29.80	NA	NA	NA

\* Inception date = Allotment date i.e. 02.06.1997

\*\* **Benchmark Index:** BSE Basic Industries Index (✓)

Benchmark index has been changed from S&P CNX Petrochemical Index to BSE Basic Industries Index (✓) w.e.f. June 22, 2005

Note: CAGR for period 1 year or more, with reinvestment of dividends (if any). Past performance may or may not be sustained in future.

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### Dividend History :

FY 2004-05 : 10.00%	FY 2002-03 : 45.00%
FY 2003-04 : 87.50%	FY 2000-01 : 182.50%

After payment of dividend, the NAV will fall to the extent of payout and distribution taxes wherever applicable. Past performance may or may not be sustained in future. The face value per unit is Rs.10/-.

**Portfolio Turnover Ratio : 0.0862**

# JM Auto Sector Fund (An open-ended sector fund)

## PORTFOLIO as on February 28, 2007

Issuer	Market Value (Rs. In Lacs)	% to NAV
<b>Auto</b>	<b>431.50</b>	<b>41.04</b>
Ashok Leyland	47.76	4.54
Bajaj Auto	78.56	7.47
Eicher	27.03	2.57
Escorts India	50.36	4.79
Mahindra & Mahindra	60.85	5.79
Maruti Udyog	92.59	8.81
Tata Motors	74.35	7.07
<b>Auto Ancillaries</b>	<b>455.52</b>	<b>43.32</b>
Amtek India	74.88	7.12
Apollo Tyre	45.84	4.36
Cluth Auto	45.50	4.33
FIEM Industries	40.14	3.82
Lumax Industries	115.13	10.95 <sup>#</sup>
MRF	74.18	7.05
Sona Steering System	24.90	2.37
Suprajit Engineering	34.95	3.32
<b>Industrial Products</b>	<b>154.59</b>	<b>14.70</b>
Ahmednagar Forgings	52.29	4.97
Ramkrishna Forgings	102.30	9.73
<b>Total Equity</b>	<b>1,041.61</b>	<b>99.06</b>
<b>CBLO &amp; Others*</b>	<b>9.51</b>	<b>0.94</b>
<b>Total</b>	<b>1,051.12</b>	<b>100.00</b>

(\*includes net receivables / payables, if any)

<sup>#</sup> Increase over 10% on account of market movements / change in net assets of the scheme.

**Total Corpus as on February 28, 2007 - Rs. 10.51 Crores**

## ASSET CLASSIFICATION (%)



(\*includes net receivables / payables, if any)

## NAV as on February 28, 2007 :

Growth Plan (Rs.)	: 21.08
Dividend Plan (Rs.)	: 16.14

**Inception : 29th June, 2004**

**Fund Manager : Asit Bhandarkar**

### Investment Objective :

To provide capital appreciation to its unitholders through judicious deployment of the corpus of the scheme in the auto & auto ancillary sector.

### Performance (%) :

Plan	1 Year	Incep.*
Growth Plan	8.60	32.24
BSE Auto **	2.21	37.11

\* Inception date = Allotment date i.e. 29.06.2004

\*\* **Benchmark Index:** BSE Auto Sector Index

Note: CAGR for period 1 year or more, with reinvestment of dividends (if any). Past performance may or may not be sustained in future.

### Dividend History :

FY 2005-06

Dividend Plan : 45.00%

After payment of dividend, the NAV will fall to the extent of payout and distribution taxes wherever applicable. Past performance may or may not be sustained in future. The face value per unit is Rs.10/-.

**Portfolio Turnover Ratio : 0.0321**



# JM Healthcare Sector Fund (An open-ended sector fund)

## PORTFOLIO as on February 28, 2007

Issuer	Market Value (Rs. In Lacs)	% to NAV
<b>Pharmaceuticals</b>	<b>770.83</b>	<b>99.31</b>
Aurobindo Pharma	63.29	8.15
Aventis Pharma	70.09	9.03
Cipla	58.22	7.50
Dishman Pharmaceuticals & Chemicals	78.73	10.14 <sup>#</sup>
Glenmark Pharmaceuticals	70.12	9.03
Indoco Remedies	36.17	4.66
Ipca Laboratories	79.92	10.30 <sup>#</sup>
Lupin	83.94	10.81 <sup>#</sup>
Panacea Biotech	68.30	8.80
Ranbaxy Laboratories	43.92	5.66
Shasun Chemical & Drug	71.66	9.23
Sun Pharmaceuticals Industries	46.47	5.99
<b>Total Equity</b>	<b>770.83</b>	<b>99.31</b>
<b>CBLO &amp; Others*</b>	<b>5.34</b>	<b>0.69</b>
<b>Total</b>	<b>776.17</b>	<b>100.00</b>

(\*includes net receivables / payables, if any)

# Increase over 10% on account of market movements / change in net assets of the scheme.

**Total Corpus as on February 28, 2007 - Rs. 7.76 Crores**

## ASSET CLASSIFICATION (%)



(\*includes net receivables / payables, if any)

## NAV as on February 28, 2007 :

Growth Plan (Rs.)	: 16.70
Dividend Plan (Rs.)	: 13.25

**Inception : 29th June, 2004**

**Fund Manager : Asit Bhandarkar**

### Investment Objective :

To provide capital appreciation to its unitholders through judicious deployment of the corpus of the scheme in the healthcare sector.

### Performance (%) :

Plan	1 Year	Incep.*
Growth Plan	-1.07	21.19
BSE Healthcare **	-1.54	20.28

\* Inception date = Allotment date i.e. 29.06.2004

\*\* Benchmark Index: BSE Healthcare

Note: CAGR for period 1 year or more, with reinvestment of dividends (if any). Past performance may or may not be sustained in future.

### Dividend History :

FY 2005-06

Dividend Plan : 20.00%

After payment of dividend, the NAV will fall to the extent of payout and distribution taxes wherever applicable. Past performance may or may not be sustained in future. The face value per unit is Rs.10/-.

**Portfolio Turnover Ratio : 0.0228**

## Attention Investors!

### PAN REPLACES MIN

The Association of Mutual Funds in India has withdrawn the Mutual Fund Identification Number or "MIN", effective March 2, 2007. Investors have to give PAN and such other documents and information as are required to comply with Know Your Customers (KYC) under Prevention of Money Laundering Act (PMLA).

In order to help the investors give the required documents and information only once, the current system of providing the documents and information with Points of Service of CDSL Ventures Ltd. (CVL) will continue. No new number will be issued. The PAN will be the only identification and reference number.

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# JM HI FI Fund (JM Housing, Infrastructure & Financial Services Fund)

(An open ended equity oriented growth fund)

## PORTFOLIO as on February 28, 2007

Issuer	Market Value (Rs. In Lacs)	% to NAV
<b>Auto</b>	<b>397.94</b>	<b>10.82</b>
Bajaj Auto	235.67	6.41
Mahindra & Mahindra	162.27	4.41
<b>Auto Ancillaries</b>	<b>251.05</b>	<b>6.82</b>
Apollo Tyre	111.40	3.03
Exide Industries	139.65	3.80
<b>Banks</b>	<b>9.95</b>	<b>0.27</b>
Indian Bank	9.95	0.27
<b>Cement</b>	<b>219.48</b>	<b>5.97</b>
Mangalam Cement	70.66	1.92
Shree Cements	148.82	4.04
<b>Construction</b>	<b>613.26</b>	<b>16.67</b>
Era Constructions (India)	136.16	3.70
Hindustan Construction Co.	155.85	4.24
IVRCL Infrastructure & Projects	122.87	3.34
Nagarjuna Construction Co.	155.90	4.24
Sobha Developers	42.48	1.15
<b>Construction &amp; Engineering</b>	<b>274.57</b>	<b>7.46</b>
Akruti Niranman	274.57	7.46
<b>Ferrous Metals</b>	<b>373.83</b>	<b>10.16</b>
Maharashtra Seamless	265.08	7.20
Steel Authority of India	108.75	2.96
<b>Finance</b>	<b>69.76</b>	<b>1.90</b>
IDFC	69.76	1.90
<b>Industrial Capital Goods</b>	<b>380.01</b>	<b>10.33</b>
Bharat Bijlee	93.37	2.54
Bharat Heavy Electricals	125.45	3.41
Emco	161.19	4.38
<b>Industrial Products</b>	<b>79.32</b>	<b>2.16</b>
KSB Pumps	79.32	2.16
<b>Power</b>	<b>5.83</b>	<b>0.16</b>
Power Finance Corporation	5.83	0.16
<b>Power Generation</b>	<b>207.00</b>	<b>5.63</b>
Jyoti Structures	207.00	5.63
<b>Real Estate Developers</b>	<b>102.81</b>	<b>2.79</b>
Peninsula Land	102.81	2.79
<b>Steel</b>	<b>463.37</b>	<b>12.59</b>
Shree Precoated Steels	143.42	3.90
Welspun Gujarat Stahl Rohren	319.95	8.70
<b>Telecom-Services</b>	<b>194.85</b>	<b>5.30</b>
Reliance Communications - Futures	194.85	5.30
<b>Total Equity</b>	<b>3,643.03</b>	<b>99.01</b>
<b>CBLO &amp; Others*</b>	<b>36.39</b>	<b>0.99</b>
<b>Total</b>	<b>3,679.42</b>	<b>100.00</b>

(\*includes net receivables / payables, if any)

**Total Corpus as on February 28, 2007 - Rs. 36.79 Crores**

## NAV as on February 28, 2007 :

Growth Plan (Rs.)	: 9.53
Dividend Plan (Rs.)	: 9.53

**Inception : 7th April, 2006**

**Fund Manager : Sandeep Neema**

## Investment Objective :

To generate medium to long term capital growth from a portfolio that is substantially constituted of equity & equity related securities of companies which could benefit from the structural changes brought about by the continuing liberalization in economic policies and investments by the Government in the housing, infrastructure and financial services sectors.

## Performance (%) :

Plan	1 Mth	3 Mths	6 Mths	Incep.*
Growth Plan	-15.74	-13.52	2.03	-4.70
S&P **	-9.19	-4.50	10.12	8.41

\* Inception date = Allotment date i.e. 07.04.2006

\*\* Benchmark Index: S&P CNX Nifty Index

Note: Absolute Returns for period less than 1 year. Past performance may or may not be sustained in future.

**Portfolio Turnover Ratio : 0.3048**

## ASSET CLASSIFICATION (%)



(\*includes net receivables / payables, if any)

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# JM Financial Services Sector Fund (An open-ended equity oriented sector fund)

## PORTFOLIO as on February 28, 2007

Issuer	Market Value (Rs. In Lacs)	% to NAV
<b>Banks</b>	<b>322.65</b>	<b>65.94</b>
Bank of Baroda	21.93	4.48
Centurion Bank	17.70	3.62
Corporation Bank	38.78	7.93
HDFC Bank	46.75	9.55
ICICI Bank	74.66	15.26
Indian Bank	1.31	0.27
IDBI	40.35	8.25
Karnataka Bank	35.10	7.17
UTI Bank	46.07	9.42
<b>Finance</b>	<b>103.34</b>	<b>21.12</b>
IDFC	50.35	10.29
Reliance Capital	52.99	10.83
<b>Power</b>	<b>48.17</b>	<b>9.84</b>
Power Finance Corporation	48.17	9.84
<b>Total Equity</b>	<b>474.16</b>	<b>96.91</b>
<b>CBLO &amp; Others*</b>	<b>15.14</b>	<b>3.09</b>
<b>Total</b>	<b>489.30</b>	<b>100.00</b>

(\*includes net receivables / payables, if any)

**Total Corpus as on February 28, 2007 - Rs. 4.89 Crores**

## ASSET CLASSIFICATION (%)



(\*includes net receivables / payables, if any)

## NAV as on February 28, 2007 :

Growth Plan (Rs.)	: 9.03
Dividend Plan (Rs.)	: 9.03

**Inception : 7th December, 2006**

**Fund Manager : Sandeep Neema**

## Investment Objective :

The primary investment objective of the scheme is to invest predominantly in equity & equity related instruments in the Banking / Financial institution / NBFC and housing finance sectors in India. Accordingly the NAV of the Scheme is linked to the equity performance of such companies. However, there can be no assurance that the investment objectives of the scheme will be realised. The scheme does not guarantee / indicate any returns.

## Performance (%) :

Plan	1 Month	Incep.*
Growth Plan	-9.97	-9.70
BSE Finance **	-12.66	-10.14

\* Inception date = Allotment date i.e. 07.12.2006

\*\* Benchmark Index: BSE Finance Index <sup>(v)</sup> §

Note: Absolute Returns for period less than 1 year. Past performance may or may not be sustained in future.

**Portfolio Turnover Ratio : 0.1745**

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# JM Telecom Sector Fund (An open-ended equity oriented sector fund)

## PORTFOLIO as on February 28, 2007

Issuer	Market Value (Rs. In Lacs)	% to NAV
<b>Software</b>	<b>42.76</b>	<b>6.19</b>
Geodesic Information Systems	42.76	6.19
<b>Telecom-Equipment &amp; Accessories</b>	<b>25.69</b>	<b>3.72</b>
Sterlite Optical Technologies	25.69	3.72
<b>Telecom-Services</b>	<b>533.94</b>	<b>77.31</b>
Bharti Airtel	217.61	31.51
Mahanagar Tel. Nigam	31.33	4.54
Reliance Communications	136.12	19.71
Tanla Solutions	39.90	5.78
Tulip IT Services	59.96	8.68
Videsh Sanchar Nigam	49.02	7.10
<b>Total Equity</b>	<b>602.39</b>	<b>87.22</b>
<b>CBLO &amp; Others*</b>	<b>88.25</b>	<b>12.78</b>
<b>Total</b>	<b>690.64</b>	<b>100.00</b>

(\*includes net receivables / payables, if any)

**Total Corpus as on February 28, 2007 - Rs. 6.91 Crores**

## NAV as on February 28, 2007 :

Growth Plan (Rs.)	: 10.18
Dividend Plan (Rs.)	: 10.18

**Inception : 7th December, 2006**

**Fund Manager : Asit Bhandarkar**

### Investment Objective :

The primary investment objective of the scheme is to invest predominantly in equity & equity related instruments in the Telecom Sectors in India. Accordingly the NAV of the Scheme is linked to the equity performance of such companies. However, there can be no assurance that the investment objectives of the scheme will be realised. The scheme does not guarantee / indicate any returns.

### Performance (%) :

Plan	1 Month	Incep.*
Growth Plan	-6.00	1.80
BSE Telecom **	-4.98	1.60

\* Inception date = Allotment date i.e. 07.12.2006

\*\* **Benchmark Index:** BSE Telecom Index <sup>(^)</sup> §

Note: Absolute Returns for period less than 1 year. Past performance may or may not be sustained in future.

**Portfolio Turnover Ratio : 0.1521**

### ASSET CLASSIFICATION (%)



(\*includes net receivables / payables, if any)

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# JM Arbitrage Advantage Fund (An Open-Ended Equity Oriented Interval Fund)

## NAV as on February 28, 2007 :

Growth Plan (Rs.)	: 10.5249
Dividend Plan (Rs.)	: 10.3004

**Inception : 18th July, 2006**

**Fund Manager : Biren Mehta**

## PORTFOLIO as on February 28, 2007

Issuer	Market Value (Rs.In Lacs)	% to NAV	Market Value (Rs.In Lacs) Futures	Rating
<b>Auto</b>	<b>224.05</b>	<b>0.48</b>		
TVS Motor	224.05	0.48		
TVS Motor - Futures			-224.97	
<b>Banks</b>	<b>7,938.56</b>	<b>16.89</b>		
Allahabad Bank	100.61	0.21		
Allahabad Bank - Futures			-100.88	
Bank of Baroda	690.64	1.47		
Bank of Baroda - Futures			-693.95	
Canara Bank	163.42	0.35		
Canara Bank - Futures			-164.40	
Indusind Bank	852.32	1.81		
Indusind Bank - Futures			-857.15	
IDBI	1,107.85	2.36		
IDBI - Futures			-1,109.91	
Kotak Mahindra Bank	579.56	1.23		
Kotak Mahindra Bank - Futures			-577.11	
Punjab National Bank	2,187.84	4.65		
Punjab National Bank - Futures			-2,195.06	
State Bank Of India	1,187.71	2.53		
State Bank Of India - Futures			-1,190.05	
Syndicate Bank	381.03	0.81		
Syndicate Bank - Futures			-381.31	
Union Bank	463.92	0.99		
Union Bank - Futures			-467.48	
Vijaya Bank	223.66	0.48		
Vijaya Bank - Futures			-222.61	
<b>Cement</b>	<b>1,894.84</b>	<b>4.03</b>		
Century Textile & Inds.	1,438.80	3.06		
Century Textile & Inds. - Futures			-1,441.06	
India Cements	456.04	0.97		
India Cements - Futures			-456.04	
<b>Chemicals</b>	<b>227.62</b>	<b>0.48</b>		
Bombay Dyeing & Mfg. Co.	39.63	0.08		
Bombay Dyeing & Mfg Co. - Futures			-39.71	
Gujarat Narmada Valley Fertilizers Co.	187.99	0.40		
Gujarat Narmada Valley Fertilizers Co. - Futures			-188.45	
<b>Construction</b>	<b>1,806.22</b>	<b>3.84</b>		
Gateway Distriparks	9.92	0.02		
Gateway Distriparks - Futures			-9.85	
Hindustan Construction Co.	283.30	0.60		
Hindustan Construction Co. - Futures			-285.79	
IVRCL Infrastructure & Projects	383.24	0.82		
IVRCL Infrastructure & Projects - Futures			-384.81	
Nagarjuna Construction Co.	191.76	0.41		
Nagarjuna Construction Co. - Futures			-192.43	
Parsvnath Developers	152.74	0.32		
Parsvnath Developers - Futures			-152.74	
Punj Lloyd	785.26	1.67		
Punj Lloyd - Futures			-783.87	

## Investment Objective :

The primary investment objective of the scheme is to generate income through arbitrage opportunities emerging out of mis-pricing between the cash market and the derivatives market and through deployment of surplus cash in fixed income instruments.

Issuer	Market Value (Rs.In Lacs)	% to NAV	Market Value (Rs.In Lacs) Futures	Rating
<b>Consumer Durables</b>	<b>145.27</b>	<b>0.31</b>		
Voltas	145.27	0.31		
Voltas. - Futures			-145.20	
<b>Consumer Non Durable</b>	<b>423.07</b>	<b>0.90</b>		
Balrampur Chini Mills	68.14	0.14		
Balrampur Chini Mills - Futures			-68.43	
Bata India	114.70	0.24		
Bata India - Futures			-114.88	
Mc Dowell	111.56	0.24		
Mc Dowell - Futures			-111.92	
Shree Renuka Sugars	75.50	0.16		
Shree Renuka Sugars - Futures			-75.71	
Triveni Engineering & Industries	53.17	0.11		
Triveni Engineering & Industries - Futures			-52.81	
<b>Ferrous Metals</b>	<b>2,319.00</b>	<b>4.92</b>		
Jindal Steel & Power	241.79	0.51		
Jindal Steel & Power - Futures			-242.26	
Jindal Vijayanagar Steel	270.15	0.57		
Jindal Vijayanagar Steel - Futures			-271.54	
Tata Iron & Steel	1,807.06	3.84		
Tata Iron & Steel - Futures			-1,819.72	
<b>Fertilizers</b>	<b>404.01</b>	<b>0.86</b>		
Nagarjuna Fertilizers	404.01	0.86		
Nagarjuna Fertilizers - Futures			-402.70	
<b>Finance</b>	<b>1,407.84</b>	<b>3.00</b>		
IFCI	824.43	1.75		
IFCI - Futures			-824.43	
IDFC	529.34	1.13		
IDFC - Futures			-535.41	
LIC Housing Finance	54.06	0.12		
LIC Housing Finance - Futures			-54.17	
<b>Industrial Capital Goods</b>	<b>423.95</b>	<b>0.90</b>		
Bharat Earth Movers	74.58	0.16		
Bharat Earth Movers - Futures			-74.41	
Praj Industries	349.37	0.74		
Praj Industries - Futures			-351.25	
<b>Industrial Products</b>	<b>385.37</b>	<b>0.82</b>		
Cummins India	385.37	0.82		
Cummins India - Futures			-386.37	
<b>Media &amp; Entertainment</b>	<b>1,210.51</b>	<b>2.58</b>		
New Delhi Television	336.92	0.72		
New Delhi Television - Futures			-339.03	
Sun TV	873.60	1.86		
Sun TV - Futures			-875.77	
<b>Oil</b>	<b>137.76</b>	<b>0.29</b>		
Cairn India	137.76	0.29		
Cairn India - Futures			-138.10	
<b>Paper</b>	<b>151.25</b>	<b>0.32</b>		
Ballarpur Industries	151.25	0.32		
Ballarpur Industries - Futures			-149.80	

continued on next page

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contd.....

# JM Arbitrage Advantage Fund (An Open-Ended Equity Oriented Interval Fund)

Issuer	Market Value (Rs.In Lacs)	% to NAV	Market Value (Rs.In Lacs) Futures	Rating
<b>Petrochemicals</b>	<b>166.35</b>	<b>0.35</b>		
MRPL	166.35	0.35		
MRPL - Futures			-167.04	
<b>Petroleum Products</b>	<b>639.47</b>	<b>1.36</b>		
Bongaigaon Refinery	67.88	0.14		
Bongaigaon Refinery - Futures			-67.88	
Essar Oil	571.59	1.22		
Essar Oil . - Futures			-575.82	
<b>Pharmaceuticals</b>	<b>2,473.59</b>	<b>5.26</b>		
Divi's Laboratories	1,345.18	2.86		
Divi's Laboratories - Futures			-1,353.21	
Lupin	12.59	0.03		
Lupin - Futures			-12.71	
Matrix Laboratories	760.57	1.62		
Matrix Laboratories - Futures			-762.67	
Nicholas Piramal India	23.39	0.05		
Nicholas Piramal India - Futures			-23.64	
Orchid Chemicals & Pharma	11.91	0.03		
Orchid Chemicals & Pharma - Futures			-11.95	
Ranbaxy Laboratories	145.95	0.31		
Ranbaxy Laboratories - Futures			-146.56	
Wockhardt Pharma	174.00	0.37		
Wockhardt Pharma - Futures			-173.55	
<b>Power</b>	<b>365.76</b>	<b>0.78</b>		
Jaiprakash Hydro-Power	120.20	0.26		
Jaiprakash Hydro-Power . - Futures			-120.20	
Neyveli Lignite Corporation	186.93	0.40		
Neyveli Lignite Corporation - Futures			-187.80	
Power Finance Corporation	58.63	0.12		
Power Finance Corporation - Futures			-58.85	
<b>Software</b>	<b>1,057.32</b>	<b>2.25</b>		
Hinduja TMT	369.80	0.79		
Hinduja TMT . - Futures			-368.64	
Mphasis BFL	366.74	0.78		
Mphasis BFL - Futures			-367.24	
Polaris Software & Lab	320.77	0.68		
Polaris Software & Lab - Futures			-321.32	
<b>Telecom-Services</b>	<b>2,686.52</b>	<b>5.72</b>		
GTL	679.63	1.45		
GTL - Futures			-681.71	
Mahanagar Tel. Nigam	1,578.27	3.36		
Mahanagar Tel. Nigam - Futures			-1,586.56	

## ASSET CLASSIFICATION (%)



■ TOTAL EQUITY	58.67
■ TOTAL DEBT	34.28
■ CBLO & OTHERS*	7.05

(\*includes net receivables / payables, if any)

Issuer	Market Value (Rs.In Lacs)	% to NAV	Market Value (Rs.In Lacs) Futures	Rating
Reliance Communications	168.32	0.36		
Reliance Communications - Futures			-169.06	
Tata Teleservices (Maharashtra)	260.30	0.55		
Tata Teleservices (Maharashtra) . - Futures			-260.89	
<b>Textile Products</b>	<b>679.82</b>	<b>1.45</b>		
Alok Industries	110.89	0.24		
Alok Industries - Futures			-110.80	
Arvind Mills	568.93	1.21		
Arvind Mills - Futures			-573.44	
<b>Textiles - Synthetic</b>	<b>410.27</b>	<b>0.87</b>		
SRF	410.27	0.87		
SRF . - Futures			-410.81	
<b>Total</b>	<b>27,578.42</b>	<b>58.67</b>		
<b>Fixed Deposits</b>	<b>11,900.00</b>	<b>25.32</b>		
HDFC Bank	1,000.00	2.13		
HDFC Bank	1,400.00	2.98		
HDFC Bank	2,500.00	5.32		
HDFC Bank	2,500.00	5.32		
J & K	2,500.00	5.32		
UTI Bank	2,000.00	4.26		
<b>Floating Rate Bonds</b>	<b>3,093.38</b>	<b>6.58</b>		
Citicorp Finance India	501.17	1.07		AAA
Mah & Mah Fin Ser	960.00	2.04		AA+
HDFC	890.74	1.90		AAA
IDBI	15.01	0.03		AA+
IRFC	726.46	1.55		AAA
<b>Securitized</b>	<b>1,120.57</b>	<b>2.38</b>		
BHPC Auto Sec Trust May 2005 Series A1	228.21	0.49		LAAA(so)
India Loan Sec. Series VI Trust 2006 Sr.A	892.35	1.90		AAA(so)
<b>Total Debt</b>	<b>16,113.95</b>	<b>34.28</b>		
<b>CBLO &amp; Others*</b>	<b>3,309.69</b>	<b>7.05</b>		
<b>Total</b>	<b>47,002.06</b>	<b>100.00</b>		

(\*includes net receivables / payables, if any)

**Total Corpus as on February 28, 2007 - Rs. 470.02 Crores**

### Dividend History :

#### Dividend Option :

FY 2006-07 : 2.20%

After payment of dividend, the NAV will fall to the extent of payout and distribution taxes wherever applicable. Past performance may or may not be sustained in future. The face value per unit is Rs.10/-.

### Performance (%) :

Plan	1 Month	3 Months	6 Months	Incep.*
Growth Plan	1.24	2.77	4.52	5.25
CLFI **	0.47	1.55	3.05	3.68

\* Inception date = Allotment date i.e. 18.07.2006

\*\* **Benchmark Index:** CRISIL LIQUID FUND INDEX

Note: Absolute Returns for period less than 1 year. Past performance may or may not be sustained in future.

### Portfolio Statistics :

Current Yield	: 7.74 %
Duration	: 0.28 years
Avg Maturity	: 0.29 years

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# JM Emerging Leaders Fund (An open-ended equity oriented growth scheme)

## PORTFOLIO as on February 28, 2007

Issuer	Market Value (Rs. In Lacs)	% to NAV
<b>Auto Ancillaries</b>	<b>165.33</b>	<b>2.72</b>
Apollo Tyre	165.33	2.72
<b>Auto Components</b>	<b>163.40</b>	<b>2.69</b>
Clutch Auto	163.40	2.69
<b>Banks</b>	<b>14.15</b>	<b>0.23</b>
Indian Bank	14.15	0.23
<b>Building Products</b>	<b>67.45</b>	<b>1.11</b>
Greenply Industries	67.45	1.11
<b>Cement</b>	<b>286.11</b>	<b>4.71</b>
Shree Cements	286.11	4.71
<b>Consumer Non Durable</b>	<b>710.11</b>	<b>11.68</b>
Gitanjali Gems	308.77	5.08
Hanung Toys & Textiles	401.34	6.60
<b>Ferrous Metals</b>	<b>221.34</b>	<b>3.64</b>
Maharashtra Seamless - Futures	221.34	3.64
<b>Hardware</b>	<b>184.54</b>	<b>3.04</b>
Tata Elxsi	184.54	3.04
<b>Industrial Capital Goods</b>	<b>946.40</b>	<b>15.57</b>
Bharati Shipyard	262.30	4.32
Emco	335.99	5.53
Kalpataru Power Transmission	348.11	5.73
<b>Industrial Products</b>	<b>443.87</b>	<b>7.30</b>
Sintex Industries	443.87	7.30
<b>Pesticides</b>	<b>333.63</b>	<b>5.49</b>
United Phosphorous	333.63	5.49
<b>Pharmaceuticals</b>	<b>136.06</b>	<b>2.24</b>
Ipca Laboratories	136.06	2.24
<b>Real Estate Developers</b>	<b>226.12</b>	<b>3.72</b>
Ansal Properties & Infrastructure	226.12	3.72
<b>Software</b>	<b>261.91</b>	<b>4.31</b>
Mphasis BFL	261.91	4.31
<b>Telecom-Services</b>	<b>389.74</b>	<b>6.41</b>
Tulip IT Services	389.74	6.41
<b>Textile Products</b>	<b>474.75</b>	<b>7.81</b>
Bombay Rayon Fashions	474.75	7.81
<b>Transportation</b>	<b>920.23</b>	<b>15.14</b>
Jet Airways India	239.08	3.93
Sanghvi Movers	289.95	4.77
Spicejet	391.20	6.44
<b>Total Equity</b>	<b>5,945.14</b>	<b>97.82</b>
<b>CBLO &amp; Others*</b>	<b>132.60</b>	<b>2.18</b>
<b>Total</b>	<b>6,077.74</b>	<b>100.00</b>

(\*includes net receivables / payables, if any)

**Total Corpus as on February 28, 2007 - Rs. 60.78 Crores**

## NAV as on February 28, 2007 :

Growth Plan (Rs.)	: 9.94
Dividend Plan (Rs.)	: 9.97

**Inception : 27th July, 2005**

**Fund Manager : Sandip Sabharwal**

### Investment Objective :

The primary investment objective of the scheme is to seek long term capital appreciation from investment in a portfolio of stocks across all market capitalization range. The portfolio may include those companies operating in emerging sectors of the economy or companies which exhibit potential to become leaders of tomorrow. However, there can be no assurances that the investment objective will be achieved.

### Performance (%) :

Plan	1 Year	Incep.*
Growth Plan	-11.80	-0.38
BSE 200 **	19.32	32.91

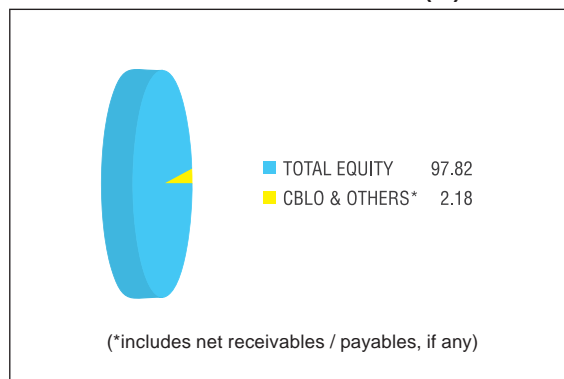
\* Inception date = Allotment date i.e. 27.07.2005

\*\* **Benchmark Index:** BSE 200 Index

Note: CAGR for period 1 year or more, with reinvestment of dividends (if any). Past performance may or may not be sustained in future.

**Portfolio Turnover Ratio : 0.0849**

### ASSET CLASSIFICATION (%)



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# JM MIP Fund

(An open-ended monthly income fund with no assured return. Monthly Income is not assured and is subject to the availability of the distributable surplus.)

## PORTFOLIO as on February 28, 2007

Issuer	Market Value (Rs. In Lacs)	% to NAV	Rating
<b>Auto</b>	<b>44.19</b>	<b>2.90</b>	
Mahindra & Mahindra	32.45	2.13	
Tata Motors	11.74	0.77	
<b>Banks</b>	<b>1.54</b>	<b>0.10</b>	
Indian Bank	1.54	0.10	
<b>Cement</b>	<b>33.36</b>	<b>2.19</b>	
Birla Corporation	16.10	1.06	
Madras Cement	17.26	1.13	
<b>Consumer Non Durable</b>	<b>19.56</b>	<b>1.28</b>	
Hindustan Lever	7.05	0.46	
Mc Dowell	7.44	0.49	
Tata Tea	5.07	0.33	
<b>Industrial Products</b>	<b>30.85</b>	<b>2.02</b>	
Cummins India	18.78	1.23	
Gujarat Fluorochemicals	12.07	0.79	
<b>Power</b>	<b>1.49</b>	<b>0.10</b>	
Power Finance Corporation	1.49	0.10	
<b>Real Estate Developers</b>	<b>14.84</b>	<b>0.97</b>	
Peninsula Land	14.84	0.97	
<b>Software</b>	<b>44.18</b>	<b>2.90</b>	
I-Flex Solutions	19.25	1.26	
Infosys Technologies	24.93	1.63	
<b>Telecom-Services</b>	<b>4.29</b>	<b>0.28</b>	
Tanla Solutions	4.29	0.28	
<b>Total Equity</b>	<b>194.30</b>	<b>12.74</b>	
<b>Certificates of Deposits</b>	<b>437.94</b>	<b>28.71</b>	
HDFC Bank	437.94	28.71	PR1+
<b>Floating Rate Bonds</b>	<b>275.05</b>	<b>18.03</b>	
IDBI	75.05	4.92	AA+
Mah & Mah Fin Ser	200.00	13.11	AA+
<b>Non Convertible Debenture</b>	<b>418.37</b>	<b>27.42</b>	
Reliance Industries	418.37	27.42 <sup>#</sup>	AAA
<b>Securitized</b>	<b>25.39</b>	<b>1.66</b>	
Indian Retail ABS Trust Srs 47-A1	25.39	1.66	LAAA(so)
<b>Treasury Bills</b>	<b>83.48</b>	<b>5.47</b>	
91 Days T-Bill 02/03/07	83.48	5.47	SOV
<b>Total Debt</b>	<b>1,240.23</b>	<b>81.29</b>	
<b>CBLO &amp; Others*</b>	<b>91.09</b>	<b>5.97</b>	
<b>Total</b>	<b>1,525.62</b>	<b>100.00</b>	

(\*includes net receivables / payables, if any)

# Increase over 15% on account of market movements / change in net assets of the scheme.

**Total Corpus as on February 28, 2007 - Rs. 15.26 Crores**

### ASSET CLASSIFICATION (%)



■ TOTAL DEBT	81.29
■ TOTAL EQUITY	12.74
■ CBLO & OTHERS*	5.97

(\*includes net receivables / payables, if any)

## NAV as on February 28, 2007 :

Growth Plan (Rs.)	: 13.0521
Dividend Plan - Monthly Div. option (Rs.)	: 10.5040
Dividend Plan - Quarterly Div. option (Rs.)	: 10.5714
Dividend Plan - Annual Div. option (Rs.)	: 11.8599

**Inception : 18th September, 2003**

**Fund Manager : Shalini Tibrewala**

### Investment Objective :

To generate regular income, primarily through investments in fixed income securities so as to make monthly, quarterly and annual dividend distribution, declare bonus in the growth option. The Fund would also aim to achieve capital appreciation through investing a portion of its assets in equity and equity related securities.

### Performance (%) :

Plan	1 Month	3 Months	6 Months	1 Year	3 Years	Incep.*
Growth Plan	-2.04	-0.72	2.74	5.40	7.31	8.03
CMIP In **	-1.85	-0.90	2.93	6.60	6.45	7.74

\* Inception date = Allotment date i.e. 18.09.2003

\*\* Benchmark Index: CRISIL MIP BLENDED INDEX

Note: Absolute Returns for period less than 1 year. CAGR for period 1 year or more, with reinvestment of dividends (if any). Past performance may or may not be sustained in future.

### Dividend History :

FY 2006-07<sup>§</sup>

Dividend Plan - Monthly Div. option	: 6.74%
Dividend Plan - Quarterly Div. option	: 5.48%
Dividend Plan - Annual Div. option	: 9.00%

FY 2005-06<sup>§</sup>

Dividend Plan - Monthly Div. option	: 6.1870%
Dividend Plan - Quarterly Div. option	: 6.8700%
Dividend Plan - Annual Div. option	: 11.5000%

FY 2004-05<sup>§</sup>

Dividend Plan - Monthly Div. option	: 5.2010%
Dividend Plan - Quarterly Div. option	: 5.1420%

FY 2003-04

Dividend Plan - Monthly Div. option	: 3.90 %
Dividend Plan - Quarterly Div. option	: 4.00 %

After payment of dividend, the NAV will fall to the extent of payout and distribution taxes wherever applicable. Past performance may or may not be sustained in future. The face value per unit is Rs.10/-. <sup>§</sup> Includes Dividend Distribution Tax.

### Portfolio Statistics :

Current Yield	: 8.59 %
Duration	: 0.19 years
Avg Maturity	: 0.45 years



## SCHEMES AT A GLANCE

Scheme Details	JM Income Fund	JM High Liquidity Fund	JM Money Manager Fund	JM G-Sec Fund (Regular Plan)	JM G-Sec Fund (PF & PF Plus Plan)	JM Short Term Fund	JM Floater Fund	JM Equity & Derivative Fund	JM MIP Fund
Launch Date	Dec 1994	Dec 1997 <b>**Super IP: May '04</b> Premium Plan - Daily Div Option: 10 Feb 2006	Sept 2006	Sept 1999	Sept 1999 <b>PF Plus:</b> Dec 2003	June 2002	June 2003 <b>LTP-PP<sup>o</sup> :</b> Sept 2004	Feb 2005	Aug 2003
Entry Load	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Exit Load	0.40% if < Rs.5 lakhs if redeemed / switched < 90 days from date of investment. Nil > Rs.5 lakhs.	Nil	<b>Regular &amp; Super Plan:</b> Nil <b>Super Plus Plan:</b> w.e.f. 01/02/2007, 0.1% if redeemed within 7 calendar days from the date of allotment of units.	0.25% for investment upto Rs.2 lakhs if redeemed / switched < 90 days from date of investment.	Nil 0.60 %(+)	Nil	STP : Nil LTP : 0.50% = < Rs.5.00 lakhs if redeemed / switched < 90 days from date of investment. Nil > Rs.5 lakhs. LTP-PP <sup>o</sup> : Nil	<b>For investments of less than &amp; incl. Rs.1 Crore:</b> 2% for investments redeemed within 25 days from the date of allotment. 1.5% for investments redeemed within 85 days from the date of allotment. 1% for investments redeemed within 175 days from the date of allotment. <b>For investments above Rs. 1 Crore:</b> 0.50% for investments redeemed / switched out within 25 days from the date of allotment.	0.50%-
Plans / options	Growth Plan Dividend Plan Growth Plan - Bonus option	Growth Plan Dividend Plan Daily Div. Plan Growth Plan - Bonus option Dividend Plan - Qly. Div. option Premium Plan - Daily Div. option <b>Institutional Plan:</b> Growth option Dividend option Daily Div. option <b>Super Inst. Plan:</b> Growth option Daily Div. option Wkly Div. option	<b>Regular Plan:</b> Growth option Dividend option <b>Super Plan:</b> Growth option Dividend option <b>Super Plus Plan:</b> Growth option Dividend option	Growth option Dividend option Bonus option	<b>PF Plan:</b> Growth option Dividend option <b>PF Plus Plan:</b> Growth option Dividend option	Growth Plan Dividend Plan <b>Institutional Plan:</b> Growth option Dividend option	<b>Short Term Plan:</b> Growth option Dividend option <b>Long Term Plan:</b> Growth option Dividend option <b>Long Term Plan - Premium Plan:</b> Growth option Dividend option	Growth option Dividend option Bonus option	Growth Plan Dividend Plan - Mly. Div. option Qly. Div. option Ann. Div. option
Dividend Frequency <sup>#</sup>	Quarterly	<sup>s</sup> Daily / Weekly / Qtly <sup>*</sup> Daily / Weekly	Daily (with compulsory re-investment)	Quarterly	-	Fortnightly	Short Term Plan - Daily Long Term Plan - Quarterly LTP-PP <sup>o</sup> Fortnightly	-	Monthly / Quarterly / Annually
Minimum Investment <sup>▲</sup>	Rs. 5000	Rs. 5000 <sup>#</sup> Rs. 1 Lakh <sup>*</sup> Rs. 1 Crore <sup>**</sup> Rs. 5 Crore	Rs.100000	Rs. 5000	Rs. 5000 <b>PF Plus:</b> Rs. 1 Lakh	Rs. 5000 <sup>*</sup> Rs. 1 Lakh	Rs. 5000 <b>LTP-PP<sup>o</sup>:</b> Rs.1 Lakh	Rs. 5000	Rs. 10000
Redemption Time <sup>®</sup>	T + 2 Working Days	T + 1 Working Days	T+1 Working Days	T + 2 Working Days	T + 2 Working Days	T + 1 Working Days	T + 1 Working Days	T + 2 (***) Working Days	T + 2 Working Days

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## SCHEMES AT A GLANCE

Scheme Details	JM Equity Fund	JM Balanced Fund	JM Basic Fund	JM Auto Sector Fund	JM Healthcare Sector Fund	JM Emerging Leaders Fund	JM HI FI Fund	JM Arbitrage Advantage Fund	JM Financial Services Sector Fund	JM Telecom Sector Fund
Launch Date	Dec 1994	Dec 1994	Mar 1997	June, 2004	June, 2004	June, 2005	Feb 2006	June 2006	Nov 2006	Nov 2006
Entry Load	2.25% <sup>#</sup>	2.25% <sup>#</sup>	2.25% <sup>#</sup>	2.25% <sup>#</sup>	2.25% <sup>#</sup>	2.25% <sup>#</sup>	2.25% <sup>#</sup>	Nil	2.25% <sup>#</sup>	2.25% <sup>#</sup>
Exit Load	Nil 2.25% <sup>ⓑ</sup>	Nil 2.25% <sup>ⓑ</sup>	Nil 2.25% <sup>ⓑ</sup>	Nil 2.25% <sup>ⓑ</sup>	Nil 2.25% <sup>ⓑ</sup>	Nil 2.25% <sup>ⓑ</sup>	Nil 2.25% <sup>ⓑ</sup>	1% if redeemed within 3 months of allotment / transfer of units	Nil for investment < Rs.3 crores; 1% for investments > or =Rs.3 crores if redeemed/ switched within 6 months of allotment of units <sup>ⓑ</sup>	Nil for investment < Rs.3 crores; 1% for investments > or =Rs.3 crores if redeemed/ switched within 6 months of allotment of units <sup>ⓑ</sup>
Plans / options	Growth Plan Dividend Plan	Growth Plan Dividend Plan	-	Growth Plan Dividend Plan	Growth Plan Dividend Plan	Growth Plan Dividend Plan	Growth Option Dividend Option	Growth Plan Dividend Plan	Growth Plan Dividend Plan	Growth Plan Dividend Plan
Dividend Frequency <sup>Ⓚ</sup>	-	-	-	-	-	-	-	-	-	-
Minimum Investment <sup>Ⓛ</sup>	Rs. 5000	Rs. 5000	Rs. 5000	Rs. 5000	Rs. 5000	Rs. 5000	Rs. 5000	Rs. 5000	Rs. 5000	Rs. 5000
Redemption Time <sup>Ⓜ</sup>	T + 3 Working Days	T + 3 Working Days	T + 3 Working Days	T + 3 Working Days	T + 3 Working Days	T + 3 Working Days	T + 3 Working Days	T + 2 (***) Working Days	T + 3 Working Days	T + 3 Working Days

**ABBREVIATIONS :** \$ Regular Plan. # For Regular - Daily Dividend Plans / Options. ^ For investment upto Rs. 2 lakhs if redeemed / switchout within 90 days. \* For Institutional Plan. \*\* For Super Institutional Plan. + 0.60% (at applicable NAV) if redeemed [either through normal redemption or exercising Fixed Period Redemption Option (FPRO)] or switched out within 180 days from the date of making the investment. The exit load however, would not be applicable for cases covered under Automatic Annual Reinvestment Option (AARO) & Automatic Capital Appreciation Withdrawal Option (ACAWO). <sup>Ⓜ</sup>It will be our endeavor to dispatch redemption proceeds as indicated in the table above. As per the Regulations, the Fund is required to dispatch redemption proceeds within 10 Business days of receiving a valid redemption request. For further details, investors are requested to refer to the Scheme Offer Document. <sup>Ⓚ</sup> LTP-PP : Long Term Plan - Premium Plan. ~ 0.50% if redeemed within 3 months for investments upto and including Rs.5 Lakhs and NIL for investments exceeding Rs.5 Lakhs. However no exit load is applicable for investors availing Systematic Withdrawal Option. <sup>Ⓛ</sup> 2.25% of NAV on all investments of less than Rs. 3 crores; Nil on all investments of Rs. 3 crores and above. Nil for investors under Systematic Investment Facility (SIF) and Systematic Transfer Facility (STF). <sup>ⓑ</sup> 2.25% of NAV for investments through STF and SIF, if redeemed within 1 year of transfer / allotment. <sup>(Ⓚ)</sup> The notional value exposure in derivatives securities would be reckoned for the purposes of the specified limits, the margin money deployed on these positions would be included in the Money Market Category. <sup>(Ⓛ&)</sup> including securitized debt upto a maximum of 30% of net assets of this scheme. <sup>Ⓛ</sup> After the minimum investment, additional investment under all Schemes / Plans is in multiples of Re. 1/-. For ongoing investment in an existing folio, the minimum investment will be Rs. 1,000/- and in multiples of Re. 1/- thereafter. For investing under SIF/STF/ SWP option, please refer to respective scheme offer documents. <sup>Ⓚ</sup> Dividends shall be declared at the discretion of the Trustee subject to availability of distributable profits as computed in accordance with SEBI (Mutual Funds) Regulations, 1996.

(\*\*\*) The redemption shall be in terms of Interval Period defined hereinbelow.

Redemption request can be submitted to the official point of acceptance on any business day till 3.00 pm. All redemption requests received till Friday (in case such Friday is a holiday then the last business day) of the week preceding the interval period, would be processed at the NAV of the Interval Period. The Interval period will be the settlement Thursday (the settlement day for derivatives segment in the NSE which is currently last Thursday of the month) or any day which is declared as the settlement day for Derivatives segment by the NSE.

Illustrative Example:

Interval Period	Applications for redemption/switchout	Applicable NAV for the redemption/switchout
For Sept '06 - 28.09.2006	All redemption requests received on 25.08.2006 after 3.00 p.m. and during the period 28.08.2006 to 22.09.2006 before 3.00 p.m.	NAV of 28.09.2006
For Oct '06 - 26.10.2006	All redemption requests received on 22.09.2006 after 3.00 p.m. and during the period 25.09.2006 to 20.10.2006 before 3.00 p.m.	NAV of 26.10.2006

It is clarified that the cut-off timings will also be applicable to investments made through "sweepmode".

Investors will not have to bear entry load, wherever applicable, for their inter-equity and intra equity scheme switches except in case of (i) switches to / from JM Arbitrage Advantage Fund from / to any equity scheme and (ii) switches from any scheme to an equity scheme during its New Fund Offer period.

**The above details are subject to provisions laid down in the respective scheme Offer Documents.**

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# JM Money Manager Fund (An open-ended liquid scheme)

## NAV as on February 28, 2007 :

Regular Plan - Growth option	: 10.3037
Regular Plan - Dividend option	: 10.0000
Super Plan - Growth option	: 10.3132
Super Plan - Dividend option	: 10.0000
Super Plus Plan - Growth option	: 10.3284
Super Plus Plan - Dividend option	: 10.0000

## PORTFOLIO as on February 28, 2007

Issuer	Market Value (Rs. In Lacs)	% to NAV	Rating
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### Portfolio of REGULAR PLAN

<b>Bill - Rediscounting</b>	<b>9.82</b>	<b>3.13</b>	
HDFC Bank 08/05/2007	9.82	3.13	
<b>Certificates of Deposits</b>	<b>49.88</b>	<b>15.90</b>	
ICICI Bank	49.88	15.90	A1+
<b>Commercial Papers</b>	<b>14.77</b>	<b>4.71</b>	
I L & F S	9.94	3.17	PR1+
Tata power	4.83	1.54	P1+
<b>Floating Rate Bonds</b>	<b>100.00</b>	<b>31.88</b>	
Garden Silk Mills	100.00	31.88 <sup>#</sup>	PR1+
<b>Total Debt</b>	<b>174.47</b>	<b>55.62</b>	
<b>CBLO &amp; Others*</b>	<b>139.19</b>	<b>44.38</b>	
<b>Total</b>	<b>313.66</b>	<b>100.00</b>	

### Portfolio of SUPER PLAN

<b>Certificates of Deposits</b>	<b>942.54</b>	<b>58.95</b>	
Indian Bank	40.68	2.54	F1+(ind)
State Bank of Mysore	216.74	13.56	A1+
State Bank of Mysore	395.74	24.75	A1+
State Bank of Patiala	171.78	10.74	A1+
State Bank of Hyderabad	117.60	7.36	A1+
<b>Commercial Papers</b>	<b>19.89</b>	<b>1.24</b>	
I L & F S	19.89	1.24	PR1+
<b>Floating Rate Bonds</b>	<b>550.00</b>	<b>34.40</b>	
Garden Silk Mills	150.00	9.38	PR1+
Sterlite Optical Tech.	400.00	25.02 <sup>#</sup>	P1
<b>Total Debt</b>	<b>1,512.43</b>	<b>94.60</b>	
<b>CBLO &amp; Others*</b>	<b>86.34</b>	<b>5.40</b>	
<b>Total</b>	<b>1,598.77</b>	<b>100.00</b>	

### Portfolio of SUPER PLUS PLAN

<b>Certificates of Deposits</b>	<b>18,925.05</b>	<b>32.21</b>	
ABN AMRO Bank	1,491.49	2.54	A1+
Federal Bank	1,433.62	2.44	P1+
Hong Kong Bank	478.36	0.81	F1+
ICICI Bank	499.81	0.85	P1+
ICICI Bank	2,441.85	4.16	P1+
ICICI Bank	967.90	1.65	P1+
ICICI BankK	2,936.09	5.00	A1+
IDBI	498.62	0.85	A1+

## Investment Objective :

An open-ended liquid scheme which seeks to provide income by way of dividend (dividend option) and capital gains (growth option) through investing in debt and money market instruments.

**Inception : 27th September, 2006**

**Fund Manager : Shalini Tibrewala**

Issuer	Market Value (Rs. In Lacs)	% to NAV	Rating
Indian Bank	992.22	1.69	F1+
State Bank of Indore	985.07	1.68	P1+
State Bank of Mysore	1,788.09	3.04	A1+
State Bank of Hyderabad	1,470.05	2.50	A1+
State Bank of Bikaner & Jaipur	979.04	1.67	P1+
State Bank of Patiala	379.89	0.65	A1+
State Bank of Mysore	1,582.95	2.69	A1+
<b>Commercial Papers</b>	<b>5,655.56</b>	<b>9.63</b>	
EXIM Bank	2,288.84	3.90	P1+
IDFC	1,470.86	2.50	A1+
National Housing Bank	1,895.86	3.23	F1+(IND)
<b>Fixed Deposits</b>	<b>7,500.00</b>	<b>12.77</b>	
Punjab National Bank	2,500.00	4.26	
Punjab National Bank	2,500.00	4.26	
Punjab National Bank	2,500.00	4.26	
<b>Floating Rate Bonds</b>	<b>18,350.00</b>	<b>31.23</b>	
Century Textiles Ltd.	3,500.00	5.96	F1+
Garden Silk Mills	1,650.00	2.81	PR1+
Global trade Finance	400.00	0.68	P1+
Global trade Finance	4,200.00	7.15	P1+**
Nicholas Piramal	500.00	0.85	P1+**
Raymond	2,500.00	4.26	PR1+
Sterlite Optical Tech	2,100.00	3.57	P1
TCIL	1,500.00	2.55	A1+
Transport Corp.	2,000.00	3.40	A1+
<b>Privately Placed Debentures</b>	<b>8,500.00</b>	<b>14.47</b>	
Magma Leasing	1,000.00	1.70	PR1+
Ranbaxy Holding Company	2,500.00	4.26	P1
Religare Finvest	5,000.00	8.51	A1
<b>Securitized</b>	<b>113.16</b>	<b>0.19</b>	
IGD Loan Trust	113.16	0.19	AA(so)
<b>Total Debt</b>	<b>59,043.77</b>	<b>100.50</b>	
<b>CBLO &amp; Others*</b>	<b>-291.25</b>	<b>-0.50</b>	
<b>Total</b>	<b>58,752.52</b>	<b>100.00</b>	

(\*includes net receivables / payables, if any)

(\*\* Shadow rating)

# Increase over 15% on account of market movements / change in net assets of the scheme.

**Total Corpus as on February 28, 2007 - Rs. 606.64 Crores**

*continued on next page*

*Giving our family of investors many reasons to celebrate*

# JM Money Manager Fund (An open-ended liquid scheme)

contd....

## Performance (%) :

Plan	1 Month	3 Months	Incep.*
Regular Plan - Growth option	7.17	7.49	7.20
Super Plan - Growth option	7.27	7.44	7.42
Super Plus Plan - Growth option	7.70	7.95	7.78
CLFI **	5.56	6.15	6.11

\* Inception date = Allotment date i.e. 27.09.2006

\*\* **Benchmark Index:** CRISIL LIQUID FUND INDEX

Note: Simple Annualised returns for period less than 1 year, with reinvestment of dividends (if any). Past performance may or may not be sustained in future.

## Dividend History :

FY 2006-07<sup>§</sup>

Regular Plan - Dividend option	:	3.00%
Super Plan - Dividend option	:	3.08%
Super Plus Plan - Dividend option	:	3.23%

After payment of dividend, the NAV will fall to the extent of payout and distribution taxes wherever applicable. Past performance may or may not be sustained in future. The face value per unit is Rs.10/-.

<sup>§</sup> Includes Dividend Distribution Tax.

## Portfolio Statistics :

### Regular Plan

Current Yield	: 6.68 %
Duration	: 0.02 years
Avg Maturity	: 7.89 years

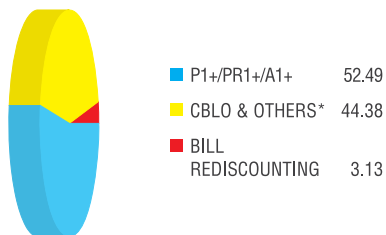
### Super Plan

Current Yield	: 7.13 %
Duration	: 0.12 years
Avg Maturity	: 0.12 years

### Super Plus Plan

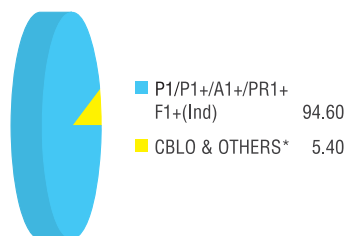
Current Yield	: 7.82 %
Duration	: 0.10 years
Avg Maturity	: 0.10 years

## JM MONEY MANAGER FUND - REGULAR PLAN RATING PROFILE (%)



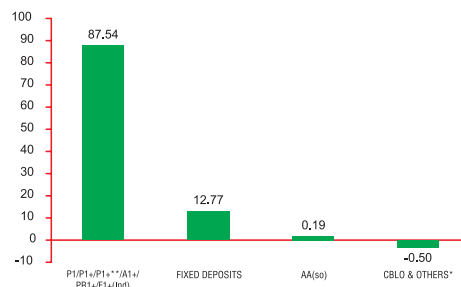
(\*includes net receivables / payables, if any)

## JM MONEY MANAGER FUND - SUPER PLAN RATING PROFILE (%)



(\*includes net receivables / payables, if any)

## JM MONEY MANAGER FUND - SUPER PLUS PLAN ASSET CLASSIFICATION (%)



(\*includes net receivables / payables, if any)

# JM High Liquidity Fund (An open-ended liquid scheme)

## NAV as on February 28, 2007 :

Growth Plan (Rs.)	: 20.4412
Dividend Plan (Rs.)	: 10.3951
Daily Dividend Plan (Rs.)	: 10.4302
Growth Plan - Bonus option (Rs.)	: 10.7346
Dividend Plan - Quarterly Dividend option (Rs.)	: 11.7692
Institutional Plan - Growth option (Rs.)	: 12.3322
Institutional Plan - Dividend option (Rs.)	: 10.1598
Institutional Plan - Daily Dividend option (Rs.)	: 10.0159
Super Inst. Plan - Growth option (Rs.)	: 11.7264
Super Inst. Plan - Daily Dividend option (Rs.)	: 10.0165
Super Inst. Plan - Weekly Dividend option (Rs.)	: 10.1476
Premium Plan - Daily Dividend option (Rs.)	: 10.0000

## PORTFOLIO as on February 28, 2007

Issuer	Market Value (Rs. In Lacs)	% to NAV	Rating
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### JM HIGH LIQUIDITY FUND

<b>Certificates of Deposits</b>	<b>36,560.18</b>	<b>36.48</b>	
ABN AMRO Bank	153.89	0.15	A1+
ABN AMRO Bank	1,002.64	1.00	A1+
Federal Bank	760.78	0.76	P1+
Federal Bank	274.77	0.27	P1+
HDFC Bank	498.59	0.50	PR1+
HDFC Bank	1,552.69	1.55	PR1+
Hong Kong Bank	267.88	0.27	F1+
ICICI Bank	968.78	0.97	P1+
ICICI Bank	1,503.46	1.50	A1+
IDBI	969.45	0.97	A1+
IDBI	1,994.50	1.99	A1+
Indian Bank	1,447.66	1.44	F1+
State Bank of Hyderabad	1,599.77	1.60	A1+
State Bank of Patiala	2,282.19	2.28	A1+
State Bank of Patiala	3,848.25	3.84	A1+
State Bank of Travancore	485.50	0.48	P1+
State Bank of Bikaner & Jaipur	3,428.86	3.42	P1+
State Bank of Bikaner & Jaipur	2,454.01	2.45	P1+
State Bank of Mysore	3,462.71	3.45	A1+
State Bank of Saurashtra	977.65	0.98	P1+
State Bank of Mysore	3,143.15	3.14	A1+
State Bank of India	985.39	0.98	P1+
UTI Bank	2,497.61	2.49	A1+
<b>Commercial Papers</b>	<b>7,039.86</b>	<b>7.02</b>	
EXIM Bank	146.10	0.15	P1+
EXIM Bank	974.34	0.97	P1+
I L & F S	4.97	0.00	PR1+
IDFC	980.57	0.98	A1+
LIC Housing Finance	963.40	0.96	P1+
National Housing Bank	1,462.79	1.46	F1+(IND)
National Housing Bank	99.78	0.10	F1+(IND)
Tata power	2,407.91	2.40	P1+
<b>Fixed Deposits</b>	<b>2,500.00</b>	<b>2.49</b>	
Punjab National Bank	2,500.00	2.49	
<b>Floating Rate Bonds</b>	<b>44,787.09</b>	<b>44.69</b>	
Citi Fin. Con. Finance	2,516.74	2.51	AAA
Citicorp Fin	2,500.00	2.49	AAA
Citicorp Fin (India)	707.96	0.71	AAA
Citicorp Finance	1,000.00	1.00	AAA
Citicorp Maruti Fin.	1,004.35	1.00	AAA
Citicorp Maruti Finance	1,000.00	1.00	AAA
GE Countrywide Con Fin	2,249.92	2.24	AAA
Global Trade Fin.	1,100.00	1.10	P1+
Global Trade Finance	4,000.00	3.99	P1+

## Investment Objective :

To provide income by way of dividend (dividend plans) and capital gains (growth plan) through investing in debt and money market instruments.

**Inception : 31st December, 1997**

**Fund Manager : Shalini Tibrewala**

## CRISIL AAAf RATED #

# Please refer to the back cover page

Issuer	Market Value (Rs. In Lacs)	% to NAV	Rating
Global trade Finance	800.00	0.80	P1+
Hindustan National Glass	1,000.00	1.00	PR1+
ICICI Securities	2,500.00	2.49	P1+
Indian Oil Tanking	1,200.00	1.20	F1+(IND)
Mah & Mah Fin Ser	420.00	0.42	AA+
Mah. & Mah. Fin. Ser.	1,000.00	1.00	P1+
Mah. & Mah. Fin. Ser.	1,500.00	1.50	P1+
Nicholas Piramal	3,000.00	2.99	P1+**
Nicholas Piramal India	500.00	0.50	P1+**
Redington India	1,000.00	1.00	PR1+
Reliance Comm.	5,000.00	4.99	A1+
Reliance Industries	1,488.12	1.48	AAA
Sterlite Ind.	1,500.00	1.50	P1+
Sterlite Optical Tech	1,500.00	1.50	P1
The Bombay Dyeing & Mfg.	2,500.00	2.49	A1+ **
Usha Martin	1,000.00	1.00	PR1+
Usha Martin	2,000.00	2.00	PR1+
Usha Martin	800.00	0.80	PR1+
<b>Securitized</b>	<b>3,874.01</b>	<b>3.87</b>	
BHPC Auto Sec Trust May 2005 Series A1	515.96	0.51	LAAA(SO)
IGD Loan Trust	377.19	0.38	AA(so)
Indian Ret ABS Trust Sr44-A1	1,792.65	1.79	AAA(so)
Indian Retail ABS Trust Srs 47-A1	228.53	0.23	LAAA(SO)
Mah & Mah Fin Services	26.72	0.03	AAA(so)
Retail Trust II March 2005 Series A1	340.37	0.34	AAA(so)
UBL Trust Series 10 Series A3	550.99	0.55	AAA(so)
UBL Trust Series-13 Series A2	41.60	0.04	AAA(so)
<b>Treasury Bills</b>	<b>1,900.72</b>	<b>1.90</b>	
91 Days T-Bill 02/03/07	916.32	0.91	SOV
91-day Tbill 19/05/2007	984.40	0.98	SOV
<b>Total Debt</b>	<b>96,661.86</b>	<b>96.45</b>	
<b>CBLO &amp; Others*</b>	<b>3,562.07</b>	<b>3.55</b>	
<b>Total</b>	<b>100,223.93</b>	<b>100.00</b>	
<b>JM HIGH LIQUIDITY FUND - Premium Plan - Daily Dividend Option</b>			
<b>Certificates of Deposits</b>	<b>1,233.26</b>	<b>84.27</b>	
ABN AMRO Bank	480.90	32.86	A1+
ICICI Bank	484.39	33.10	P1+
Sate Bank of Mysore	267.97	18.31	A1+
<b>Total Debt</b>	<b>1,233.26</b>	<b>84.27</b>	
<b>CBLO &amp; Others*</b>	<b>230.13</b>	<b>15.73</b>	
<b>Total Assets</b>	<b>1,463.39</b>	<b>100.00</b>	

(\*includes net receivables / payables, if any)

(\*\* Shadow rating)

**Total Corpus as on February 28, 2007 - Rs. 1,016.87 Crores**

*Giving our family of investors many reasons to celebrate*

# JM High Liquidity Fund (An open-ended liquid scheme)

contd....

## Dividend / Bonus History :

FY 2006-07 <sup>s</sup>	
Dividend Plan	: 5.36%
Daily Dividend Plan	: 6.27%
Inst. Plan - Dividend option	: 5.32%
Inst. Plan - Daily Dividend option	: 6.12%
Super Inst. Plan - Weekly Div. option	: 5.41%
Super Inst. Plan - Daily Div. option	: 6.23%
Premium Plan - Daily Div. option	: 6.28%
FY 2005-06 <sup>s</sup>	
Dividend Plan	: 4.5880%
Daily Dividend Plan	: 5.0985%
Inst. Plan - Dividend option	: 4.9020%
Inst. Plan - Daily Dividend option	: 5.2423%
Super Inst. Plan - Weekly Div. option	: 5.2540%
Super Inst. Plan - Daily Div. option	: 5.5167%
Premium Plan - Daily Div. option	: 0.8614%
FY 2004-05 <sup>s</sup>	
Dividend Plan	: 22.3350%
Daily Dividend Plan	: 4.2926%
Inst. Plan - Dividend option	: 4.4630%
Inst. Plan - Daily Dividend option	: 4.4686%
Super Inst. Plan - Weekly Div. option	: 3.9730%
Super Inst. Plan - Daily Div. option	: 4.0218%
FY 2003-04	
Dividend Plan	: 4.950%
Daily Dividend Plan	: 4.333%
Dividend Plan - Quarterly option	: 19.000%
Dividend Plan - Annual option	: 19.000%
Inst. Plan - Dividend option	: 4.205%
Inst. Plan - Daily Dividend option	: 2.866%
FY 2002-03 (Dividend Plan)	: 1.180%
FY 2001-02 (Dividend Plan)	: 7.275%
FY 2000-01 (Dividend Plan)	: 7.525%
FY 1999-00 (Dividend Plan)	: 8.500%

## Growth Plan - Bonus option :

190 : 1000 on 23/10/2006

After payment of dividend, the NAV will fall to the extent of payout and distribution taxes wherever applicable. Past performance may or may not be sustained in future. The face value per unit is Rs.10/-.

<sup>s</sup> Includes Dividend Distribution Tax.

## Performance (%) :

Plan	1	3	6	
	Month	Months	Months	
Growth Plan	7.67	7.56	7.31	
CLFI **	5.56	6.15	6.05	
Plan	1 Yr	3 Yrs	5 Yrs	Incep.*
Growth Plan	6.66	5.31	5.59	8.11
CLFI **	6.17	5.01	NA	NA

\* Inception date = Allotment date i.e. 31.12.1997

\*\* **Benchmark Index:** CRISIL LIQUID FUND INDEX

Note: Simple Annualised returns for period less than 1 year, CAGR for period 1 year or more, with reinvestment of dividends (if any). Past performance may or may not be sustained in future.

## Portfolio Statistics :

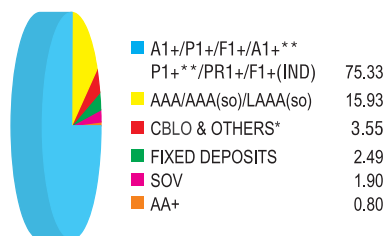
### High Liquidity Fund

Current Yield	: 7.74 %
Duration	: 0.14 years
Avg Maturity	: 0.14 years

### High Liquidity Fund - Premium Plan - Daily Div. Option

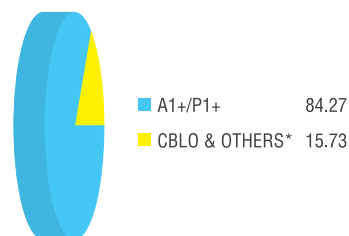
Current Yield	: 7.38 %
Duration	: 0.35 years
Avg Maturity	: 0.35 years

## JM HIGH LIQUIDITY FUND RATING PROFILE (%)



(\*includes net receivables / payables, if any)

## JM HIGH LIQUIDITY FUND - PREMIUM PLAN RATING PROFILE (%)



(\*includes net receivables/payables)

# JM Income Fund (An open-ended income scheme)

## PORTFOLIO as on February 28, 2007

Issuer	Market Value (Rs. In Lacs)	% to NAV	Rating
<b>Certificates of Deposits</b>	<b>26.93</b>	<b>1.01</b>	
State.Bank.of Patiala	26.93	1.01	A1+
<b>Government Securities</b>	<b>96.63</b>	<b>3.64</b>	
7.37% GOI 2014	96.63	3.64	SOV
<b>Floating Rate Bonds</b>	<b>1,531.31</b>	<b>57.61</b>	
Citicorp Finance India	501.17	18.85 <sup>#</sup>	AAA
GE Countrywide Con Fin	250.00	9.41	AAA
IDBI	10.00	0.38	AA+
IDBI	200.14	7.53	AA+
Mah & Mah Fin Ser	270.00	10.16	AA+
Union Bank Of India	300.00	11.29	AA+
<b>Securitized</b>	<b>575.40</b>	<b>21.65</b>	
Asset Securitisation Trust	216.28	8.14	AAA(so)
BHPC Auto Sec Trust May 2005 Series A1	188.53	7.09	LAAA(SO)
Retail Trust II March 2005 Series A1	72.20	2.72	AAA(so)
UBL Trust Series 10 Series A3	98.39	3.70	AAA(so)
<b>Total Debt</b>	<b>2,230.27</b>	<b>83.90</b>	
<b>CBLO &amp; Others*</b>	<b>427.85</b>	<b>16.09</b>	
<b>Total</b>	<b>2,658.12</b>	<b>100.00</b>	

(\*includes net receivables / payables, if any)

<sup>#</sup> Increase over 15% on account of market movements / change in net assets of the scheme.

**Total Corpus as on February 28, 2007 Rs. 26.58 Crores**

## Performance (%) :

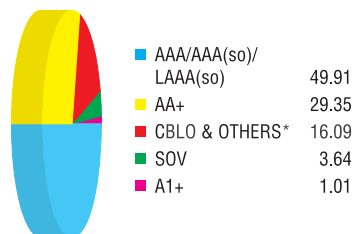
Plan	1 Yr	3 Yrs	5 Yrs	Incep.*
Growth Plan	3.55	2.94	5.97	9.23
CCBFI **	3.56	2.79	NA	NA

\* Inception date = Allotment date i.e. 01.04.1995

\*\* **Benchmark Index:** CRISIL COMPOSITE BOND FUND INDEX

Note: CAGR for period 1 year or more, with reinvestment of dividends (if any). Past performance may or may not be sustained in future.

## RATING PROFILE (%)



(\*includes net receivables / payables, if any)

## NAV as on February 28, 2007 :

Growth Plan (Rs.)	: 28.6394
Dividend Plan (Rs.)	: 10.3320
Growth Plan - Bonus option (Rs.)	: 11.7166

**Inception : 1st April, 1995**

**Fund Manager : Dwijendra Srivastava**

## Investment Objective :

To generate stable long term returns with low risk strategy and capital appreciation / accretion through investment in debt instruments and related securities besides preservation of capital.

## CRISIL AAAf RATED #

**# Please refer to the back cover page**

## Dividend / Bonus History :

### Dividend Plan :

FY 2006-07 <sup>§</sup>	0.500%	FY 2000-01	10.00%
FY 2005-06 <sup>§</sup>	3.526%	FY 1999-00	17.25%
FY 2004-05 <sup>§</sup>	1.64%	FY 1998-99	20.50%
FY 2003-04	10.20%	FY 1997-98	18.00%
FY 2002-03	10.00%	FY 1996-97	16.00%
FY 2001-02	14.25%		

### Growth Plan - Bonus option :

12.5 : 1000	on 14/03/04
25 : 1000	on 14/12/03
25 : 1000	on 14/09/03
22 : 1000	on 14/06/03
20 : 1000	on 14/04/03
50 : 1000	on 24/12/02
35 : 1000	on 24/09/02
15 : 1000	on 28/06/02
1 : 1	on 25/03/02

After payment of dividend, the NAV will fall to the extent of payout and distribution taxes wherever applicable. Past performance may or may not be sustained in future. The face value per unit is Rs.10/-.

<sup>§</sup> Includes Dividend Distribution Tax.

## Portfolio Statistics :

Current Yield	: 6.90 %
Duration	: 0.35 years
Avg Maturity	: 0.42 years

# JM G-Sec Fund (An open-ended dedicated gilts scheme)

## PORTFOLIO as on February 28, 2007

Issuer	Market Value (Rs. In Lacs)	% to NAV	Rating
<b>Portfolio of REGULAR PLAN</b>			
<b>Government Securities</b>	<b>197.83</b>	<b>42.73</b>	
7.37% GOI - 2014	96.63	20.87	SOV
8.33% GOI - 2036	101.20	21.86	SOV
<b>Total Debt</b>	<b>197.83</b>	<b>42.73</b>	
<b>CBLO &amp; Others*</b>	<b>265.20</b>	<b>57.27</b>	
<b>Total</b>	<b>463.03</b>	<b>100.00</b>	
<b>Portfolio of PF PLAN</b>			
<b>Government Securities</b>	<b>101.20</b>	<b>43.62</b>	
8.33% GOI - 2036	101.20	43.62	SOV
<b>Total Debt</b>	<b>101.20</b>	<b>43.62</b>	
<b>CBLO &amp; Others*</b>	<b>130.82</b>	<b>56.38</b>	
<b>Total</b>	<b>232.02</b>	<b>100.00</b>	
<b>Portfolio of PF PLUS PLAN</b>			
<b>Government Securities</b>	<b>593.49</b>	<b>64.55</b>	
7.37% GOI - 2014	289.89	31.53	SOV
8.33% GOI - 2036	303.60	33.02	SOV
<b>Total Debt</b>	<b>593.49</b>	<b>64.55</b>	
<b>CBLO &amp; Others*</b>	<b>325.89</b>	<b>35.45</b>	
<b>Total</b>	<b>919.38</b>	<b>100.00</b>	

(\*includes net receivables / payables, if any)

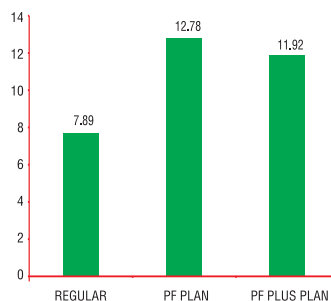
**Total Corpus as on February 28, 2007 - Rs. 16.14 Crores**

## Portfolio Statistics :

<b>Regular Plan</b>	Current Yield	: 6.70 %
	Duration	: 3.70 years
	Avg Maturity	: 7.89 years
<b>PF Plan</b>	Current Yield	: 6.85 %
	Duration	: 4.92 years
	Avg Maturity	: 12.78 years
<b>PF Plus Plan</b>	Current Yield	: 7.17 %
	Duration	: 5.43 years
	Avg Maturity	: 11.92 years

## MATURITIES

### Average Portfolio Maturity (in years)



## NAV as on February 28, 2007 :

Regular Plan - Growth option (Rs.)	: 21.1407
Regular Plan - Dividend option (Rs.)	: 10.3354
Regular Plan - Bonus option (Rs.)	: 10.2837
PF Plan - Growth option (Rs.)	: 22.0783
PF Plan - Dividend option (Rs.)	: 20.2303
PF Plus Plan - Growth option (Rs.)	: 10.9840
PF Plus Plan - Dividend option (Rs.)	: 10.9865

## Inception :

**Regular & PF Plan : 29th September, 1999**  
**PF Plus Plan : 15th January, 2004**

**Fund Manager : Dwijendra Srivastava**

## Investment Objective :

To provide ultimate level of safety to its unitholders through investments in sovereign securities issued by the Central and State Government.

## Performance (%) :

Plan	1 Yr	3 Yrs	5 Yrs	Incep.*
Regular Plan	3.53	3.21	6.40	10.61
PF Plan	3.79	3.38	6.91	11.26
I-SEC **	5.21	3.61	NA	NA

Plan	1 Mth	3 Mths	6 Mths	1 Yr	3 Yrs	Incep.*
PF Plus Plan	-0.63	-0.69	0.90	2.80	3.20	3.05
I-SEC **	-0.19	-0.95	4.28	5.21	3.61	3.43

\* Inception date = Allotment date i.e.:

Regular & PF Plan : 29.09.1999

PF Plus Plan : 15.01.2004

\*\* Benchmark Index: I-SEC COMPOSITE INDEX

Note: Absolute Returns for period less than 1 year. CAGR for period 1 year or more, with reinvestment of dividends (if any). Past performance may or may not be sustained in future.

## Dividend / Bonus History :

	Regular Plan - Dividend option	PF Plan - Dividend option
FY 2006-07 <sup>s</sup>	0.500 %	-
FY 2005-06 <sup>s</sup>	3.8500 %	-
FY 2004-05 <sup>s</sup>	1.7040 %	-
FY 2003-04	10.75 %	-
FY 2002-03	10.00 %	15.00 %
FY 2001-02	23.00 %	-
FY 2000-01	12.00 %	-
FY 1999-00	6.50 %	-

## Regular Plan - Bonus Option :

15 : 1000 on 14/06/06	5 : 1000 on 14/06/04
20 : 1000 on 14/03/06	12.5 : 1000 on 14/03/04
7.5 : 1000 on 15/12/05	25 : 1000 on 14/12/03
6.5 : 1000 on 15/09/05	30 : 1000 on 14/09/03
10 : 1000 on 14/06/05	25 : 1000 on 14/06/03
10 : 1000 on 14/03/05	20 : 1000 on 14/04/03
5 : 1000 on 14/12/04	7 : 10 on 19/12/02

After payment of dividend, the NAV will fall to the extent of payout and distribution taxes wherever applicable. Past performance may or may not be sustained in future. The face value per unit is Rs.10/-.

<sup>s</sup> Includes Dividend Distribution Tax.





JM SHORT TERM FUND  
IN DEBT - SHORT TERM CATEGORY  
(22 Schemes) for 18 month period  
ending February 2007.

# JM Short Term Fund (An open-ended income scheme)

## PORTFOLIO as on February 28, 2007

Issuer	Market Value (Rs. In Lacs)	% to NAV	Rating
<b>Floating Rate Bonds</b>	<b>702.05</b>	<b>51.97</b>	
HDFC	300.25	22.22 <sup>#</sup>	AAA
IRFC	201.80	14.94	AAA
Mah & Mah Fin Ser	200.00	14.80	AA+
<b>Non Convertible Debenture</b>	<b>473.18</b>	<b>35.03</b>	
IDBI	473.18	35.03 <sup>#</sup>	AA+
<b>Total Debt</b>	<b>1,175.23</b>	<b>86.99</b>	
<b>CBLO &amp; Others*</b>	<b>175.73</b>	<b>13.01</b>	
<b>Total Assets</b>	<b>1,350.96</b>	<b>100.00</b>	

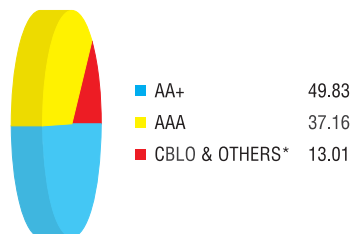
<sup>#</sup> Increase over 15% on account of market movements / change in net assets of the scheme.

**Total Corpus as on February 28, 2007 - Rs. 13.51 Crores**

## Portfolio Statistics :

Current Yield	: 8.51 %
Duration	: 0.26 years
Avg Maturity	: 0.58 years

## RATING PROFILE (%)



(\*includes net receivables / payables, if any)

## NAV as on February 28, 2007 :

Growth Plan (Rs.)	: 13.2638
Dividend Plan (Rs.)	: 11.0143
Inst. Plan - Growth option (Rs.)	: 12.5324
Inst. Plan - Dividend option (Rs.)	: 10.2992

**Inception : 24th June, 2002**

**Fund Manager : Dwijendra Srivastava**

## Investment Objective :

To generate regular returns and high level of liquidity with low risk strategy and capital appreciation / accretion through investment in debt instruments and related securities besides preservation of capital.

## Performance (%) :

Plan	1	3	6	1	3	Incep.*
	Mth	Mths	Mths	Year	Years	
Growth Plan	0.32	1.48	3.32	6.26	5.55	6.21
CLFI **	0.47	1.55	3.05	6.17	5.01	4.99

\* Inception date = Allotment date i.e. 24.06.2002

\*\* **Benchmark Index:** CRISIL LIQUID FUND INDEX

Note: Absolute Returns for period less than 1 year. CAGR for period 1 year or more, with reinvestment of dividends (if any). Past performance may or may not be sustained in future.

## Dividend History :

<b>FY 2006-07<sup>§</sup></b>	
Dividend Plan	: 2.89%
Inst. Plan - Dividend option	: 5.88%
<b>FY 2005-06<sup>§</sup></b>	
Dividend Plan	: 3.2600%
Inst. Plan - Dividend option	: 4.8030%
<b>FY 2004-05<sup>§</sup></b>	
Dividend Plan	: 4.0360%
Inst. Plan - Dividend option	: 4.1240%
<b>FY 2003-04</b>	
Dividend Plan	: 4.762%
Inst. Plan - Dividend option	: 4.710%
<b>FY 2002-03</b>	
Dividend Plan	: 3.60%

After payment of dividend, the NAV will fall to the extent of payout and distribution taxes wherever applicable. Past performance may or may not be sustained in future. The face value per unit is Rs.10/-.

<sup>§</sup> Includes Dividend Distribution Tax.

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# JM Floater Fund (An open-ended income scheme)

## PORTFOLIO as on February 28, 2007

Issuer	Market Value (Rs. In Lacs)	% to NAV	Rating
<b>Portfolio of SHORT TERM PLAN</b>			
<b>Certificates of Deposits</b>	<b>237.58</b>	<b>3.02</b>	
Federal Bank	106.09	1.35	P1+
State Bank of Mysore	31.53	0.40	A1+
State Bank of Hyderabad	99.96	1.27	A1+
<b>Floating Rate Bonds</b>	<b>6,830.95</b>	<b>86.77</b>	
Garden Silk Mills	100.00	1.27	PR1+
Mah & Mah Fin Ser	300.00	3.81	AA+
IDBI	2,390.00	30.36 <sup>#</sup>	AA+
IDBI	500.34	6.36	AA+
Union Bank Of India	2,040.00	25.91 <sup>#</sup>	AA+
UTI Bank	1,500.61	19.06 <sup>#</sup>	LAA+
<b>Securitized</b>	<b>245.17</b>	<b>3.11</b>	
IGD Loan Trust	245.17	3.11	AA(so)
<b>Total Debt</b>	<b>7,313.70</b>	<b>92.90</b>	
<b>CBLO &amp; Others*</b>	<b>558.83</b>	<b>7.10</b>	
<b>Total</b>	<b>7,872.53</b>	<b>100.00</b>	
<b>Portfolio of LONG TERM PLAN</b>			
<b>Certificates of Deposits</b>	<b>88.88</b>	<b>19.67</b>	
Federal Bank	88.88	19.67	P1+
<b>Floating Rate Bonds</b>	<b>350.00</b>	<b>77.46</b>	
Mah & Mah Fin Ser	350.00	77.46 <sup>#</sup>	AA+
<b>Securitized</b>	<b>24.56</b>	<b>5.44</b>	
Indian Ret ABS Trust Sr44-A1	24.56	5.44	AAA(so)
<b>Total Debt</b>	<b>463.44</b>	<b>102.57</b>	
<b>CBLO &amp; Others*</b>	<b>-11.59</b>	<b>-2.57</b>	
<b>Total</b>	<b>451.85</b>	<b>100.00</b>	

(\*includes net receivables / payables, if any)

# Increase over 15% on account of market movements / change in net assets of the scheme.

**Total Corpus as on February 28, 2007 - Rs. 83.24 Crores**

### JM FLOATER FUND - SHORT TERM PLAN

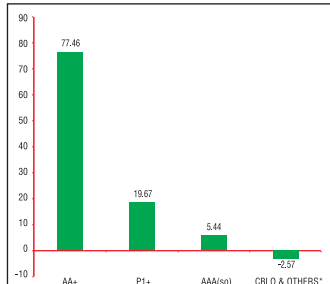
#### RATING PROFILE (%)



(\*includes net receivables / payables, if any)

### JM FLOATER FUND - LONG TERM PLAN

#### RATING PROFILE (%)



(\*includes net receivables / payables, if any)

## NAV as on February 28, 2007 :

Short Term Plan - Growth option (Rs.)	: 12.2680
Short Term Plan - Dividend option (Rs.)	: 10.0883
Long Term Plan - Growth option (Rs.)	: 11.9334
Long Term Plan - Dividend option (Rs.)	: 11.9723
Long Term Plan - Premium Plan-Growth option (Rs.)	: 11.4525
Long Term Plan - Premium Plan-Dividend option (Rs.)	: 10.0856

**Inception : 25th June, 2003**

**Fund Manager : Dwijendra Srivastava**

### Investment Objective :

To provide regular income and capital appreciation through investment in floating rate debt instruments, fixed rate debt instruments swapped for floating rate returns and also fixed rate instruments and money market instruments.

## Long Term Plan - Premium Plan : CRISIL AAAf RATED<sup>#</sup>

# Please refer to the back cover page

### Performance (%) :

Plan	1		3		Incep.*	
	Mth	Mths	Mths	Year	Yrs	
Short Term Plan	7.22	7.28	7.16	6.87	5.84	5.71
CLFI **	5.56	6.15	6.05	6.17	5.01	4.84
Long Term Plan	0.48	1.38	2.94	6.06	5.19	4.92
CLFI **	0.47	1.55	3.05	6.17	5.01	4.84

\* Inception date = Allotment date i.e. 25.06.2003

\*\* Benchmark Index: CRISIL LIQUID FUND INDEX

Note: Simple Annualised returns for period less than 1 year for JM Floater Fund - Short Term Plan. Absolute Returns for period less than 1 year for JM Floater Fund - Long Term Plan. CAGR for period 1 year or more, with reinvestment of dividends (if any). Past performance may or may not be sustained in future.

### Dividend History :

FY 2006-07 <sup>s</sup>	
Short Term Plan - Dividend option	: 6.11%
Long Term Plan - Premium Plan - Div. option	: 5.18%
FY 2005-06 <sup>s</sup>	
Short Term Plan - Dividend option	: 5.3910%
Long Term Plan - Premium Plan - Div. option	: 5.3830%
FY 2004-05 <sup>s</sup>	
Short Term Plan - Dividend option	: 4.7500%
Long Term Plan - Premium Plan - Div. option	: 2.1890%
FY 2003-04	
Short Term Plan - Dividend option	: 0.6040%

After payment of dividend, the NAV will fall to the extent of payout and distribution taxes wherever applicable. Past performance may or may not be sustained in future. The face value per unit is Rs.10/-.

<sup>s</sup> Includes Dividend Distribution Tax.

### Portfolio Statistics :

<b>Short Term Plan</b>	Current Yield	: 7.30 %
	Duration	: 0.41 years
	Avg Maturity	: 0.42 years
<b>Long Term Plan</b>	Current Yield	: 6.67 %
	Duration	: 0.14 years
	Avg Maturity	: 0.14 years

# JM Equity & Derivative Fund (An income scheme - interval fund)

## NAV as on February 28, 2007 :

Growth Option (Rs.)	: 11.4624
Dividend Option (Rs.)	: 10.4299
Bonus Option (Rs.)	: 10.6138

**Inception : 4th March, 2005**

**Fund Manager : Biren Mehta**

## PORTFOLIO as on February 28, 2007

Issuer	Mkt. Value (Rs. In Lacs)	% to NAV	Mkt. Value (Rs. In Lacs) Futures	Rating
<b>Banks</b>	<b>1,442.96</b>	<b>5.09</b>		
Allahabad Bank	11.18	0.04		
Allahabad Bank - Futures			-11.21	
Bank of Baroda	122.78	0.43		
Bank of Baroda - Futures			-123.37	
Indusind Bank	404.09	1.43		
Indusind Bank - Futures			-406.38	
Industrial Development Bank of India	96.84	0.34		
Industrial Development Bank of India - Futures			-97.02	
Kotak Mahindra Bank	205.65	0.73		
Kotak Mahindra Bank - Futures			-204.78	
State Bank Of India	479.25	1.69		
State Bank Of India - Futures			-480.19	
Union Bank	123.17	0.43		
Union Bank - Futures			-124.11	
<b>Cement</b>	<b>239.03</b>	<b>0.84</b>		
Century Textile & Inds.	239.03	0.84		
Century Textile & Inds. - Futures			-239.41	
<b>Construction</b>	<b>747.90</b>	<b>2.64</b>		
Gateway Distriparks	34.70	0.12		
Gateway Distriparks - Futures			-34.47	
Hindustan Construction Co.	201.74	0.71		
Hindustan Construction Co. - Futures			-203.52	
Nagarjuna Construction Co.	124.72	0.44		
Nagarjuna Construction Co. - Futures			-125.16	
Punj Lloyd	386.74	1.37		
Punj Lloyd - Futures			-386.05	
<b>Consumer Non Durable</b>	<b>57.35</b>	<b>0.20</b>		
BATA INDIA	57.35	0.20		
BATA INDIA - Futures			-57.44	
<b>Ferrous Metals</b>	<b>2,255.55</b>	<b>7.96</b>		
Jindal Vijayanagar Steel	365.35	1.29		
Jindal Vijayanagar Steel - Futures			-367.23	

## Investment Objective :

The primary investment objective of the scheme is to generate income through arbitrage opportunities emerging out of mispricing between the cash market and the derivatives market and through deployment of surplus cash in fixed income instruments. However, there can be no assurance that the investment objective of the scheme will be realized. The scheme does not guarantee/indicate any returns.

Issuer	Mkt. Value (Rs. In Lacs)	% to NAV	Mkt. Value (Rs. In Lacs) Futures	Rating
Sesa Goa	617.79	2.18		
Sesa Goa - Futures			-619.46	
Tata Iron & Steel	1,272.41	4.49		
Tata Iron & Steel - Futures			-1281.32	
<b>Fertilizers</b>	<b>230.55</b>	<b>0.81</b>		
Chambal Fertilizers & Chemicals	88.72	0.31		
Chambal Fertilizers & Chemicals - Futures			-88.72	
Nagarjuna Fertilizers	141.83	0.50		
Nagarjuna Fertilizers - Futures			-141.37	
<b>Finance</b>	<b>303.74</b>	<b>1.07</b>		
IFCI	303.74	1.07		
IFCI - Futures			-303.74	
<b>Industrial Capital Goods</b>	<b>740.37</b>	<b>2.61</b>		
Aban Offshore	218.63	0.77		
Aban Offshore - Futures			-218.79	
Bharat Earth Movers	24.86	0.09		
Bharat Earth Movers - Futures			-24.80	
Praj Industries	496.88	1.75		
Praj Industries - Futures			-499.56	
<b>Media &amp; Entertainment</b>	<b>246.33</b>	<b>0.87</b>		
New Delhi Television	133.36	0.47		
New Delhi Television - Futures			-134.20	
Sun TV	112.97	0.40		
Sun TV - Futures			-113.25	
<b>Paper</b>	<b>267.28</b>	<b>0.94</b>		
Ballarpur Industries	267.28	0.94		
Ballarpur Industries - Futures			-264.71	
<b>Petroleum Products</b>	<b>313.46</b>	<b>1.11</b>		
Bongaigaon Refinery	16.97	0.06		
Bongaigaon Refinery - Futures			-16.97	
Essar Oil	296.50	1.05		
Essar Oil - Futures			-298.69	

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# contd.... JM Equity & Derivative Fund (An income scheme - interval fund)

Issuer	Mkt. Value (Rs. In Lacs)	% to NAV	Mkt. Value (Rs. In Lacs) Futures	Rating
<b>Pharmaceuticals</b>	<b>1,086.69</b>	<b>3.84</b>		
Divi's Laboratories	967.08	3.41		
Divi's Laboratories - Futures			-972.85	
Matrix Laboratories	119.61	0.42		
Matrix Laboratories. - Futures			-119.95	
<b>Power</b>	<b>52.59</b>	<b>0.19</b>		
Jaiprakash Hydro-Power	52.59	0.19		
Jaiprakash Hydro-Power - Futures			-52.59	
<b>Software</b>	<b>766.64</b>	<b>2.71</b>		
Mphasis BFL	766.64	2.71		
Mphasis BFL - Futures			-767.68	
<b>Telecom-Services</b>	<b>561.49</b>	<b>1.98</b>		
GTL	310.35	1.10		
GTL - Futures			-311.30	
Mahanagar Tel. Nigam	162.09	0.57		
Mahanagar Tel. Nigam - Futures			-162.94	
Tata Teleservices (Maharashtra)	89.05	0.31		
Tata Teleservices (Maharashtra). - Futures			-89.25	
<b>Textile Products</b>	<b>19.81</b>	<b>0.07</b>		
Bombay Dyeing & Mfg Co	19.81	0.07		
Bombay Dyeing & Mfg Co - Futures			-19.85	
<b>Textiles - Synthetic</b>	<b>291.74</b>	<b>1.03</b>		
SRF	291.74	1.03		
SRF - Futures			-292.13	
<b>Total</b>	<b>9,623.48</b>	<b>33.97</b>		
<b>Fixed Deposits</b>	<b>6,000.00</b>	<b>21.18</b>		
HDFC Bank	1,000.00	3.53		
Punjab National Bank	2,000.00	7.06		
Punjab National Bank	2,500.00	8.82		
UTI Bank	500.00	1.76		
<b>Floating Rate Bonds</b>	<b>11,052.58</b>	<b>39.01</b>		
Citicorp Finance India	4,336.26	15.31		AAA
Citi Financial Consumer Fin. India	2,516.32	8.88		AAA
Mah & Mah Fin Ser	4,200.00	14.82		AA+
<b>Total Debt</b>	<b>17,052.58</b>	<b>60.19</b>		
<b>CBLO &amp; Others*</b>	<b>1,656.00</b>	<b>5.84</b>		
<b>Total</b>	<b>28,332.06</b>	<b>100.00</b>		

(\*includes net receivables / payables, if any)

**Total Corpus as on February 28, 2007 - Rs 283.32 Crores**

## Performance (%) :

Plan	1 Mth	3 Mths	6 Mths	1 Year	Incep.*
Growth Plan	0.82	2.11	3.65	7.56	7.10
CLFI **	0.47	1.55	3.05	6.17	5.46

\* Inception date = Allotment date i.e. 04.03.2005

\*\* **Benchmark Index:** CRISIL LIQUID FUND INDEX

Note: Absolute Returns for period less than 1 year. CAGR for period 1 year or more, with reinvestment of dividends (if any). Past performance may or may not be sustained in future.

## Dividend / Bonus History :

### Dividend Option :

FY 2006-07<sup>§</sup> : 6.291%

FY 2005-06<sup>§</sup> : 3.4400%

### Bonus Option :

80 : 1000 on 28/08/2006

After payment of dividend, the NAV will fall to the extent of payout and distribution taxes wherever applicable. Past performance may or may not be sustained in future. The face value per unit is Rs.10/-.

<sup>§</sup> Includes Dividend Distribution Tax.

## Portfolio Statistics :

Current Yield	: 6.63 %
Duration	: 0.41 years
Avg Maturity	: 0.42 years

## ASSET CLASSIFICATION (%)



TOTAL DEBT	60.19
TOTAL EQUITY	33.97
CBLO & OTHERS*	5.84

(\*includes net receivables / payables)

## ADDENDA

### 1. THIS ADDENDUM DATED FEBRUARY 7, 2007 SETS OUT THE CHANGES TO BE MADE IN THE OFFER DOCUMENTS AND KEY INFORMATION MEMORANDA OF ALL SCHEMES OF JM FINANCIAL MUTUAL FUND

- I. Currently, investors switching between equity schemes of the Mutual Fund do not pay any entry load. In order to avoid any ambiguity, it is further clarified that inter / intra equity scheme switches will not attract any entry load, wherever applicable, except in case of (i) switches to / from JM Arbitrage Advantage Fund from / to any equity scheme and (ii) switches from any scheme to an equity scheme during its New Fund Offer period. Consequently, the last sentence appearing towards the end of the second clause under **Switching Options** appearing under the paragraph **Units on Offer** starting with "Investors switching ....." and ending with ".....not pay any entry load." stands replaced with the one given below :

"Investors will not have to bear entry load, wherever applicable, for their inter-equity and intra equity scheme switches except in case of (i) switches to / from JM Arbitrage Advantage Fund from / to any equity scheme and (ii) switches from any scheme to an equity scheme during its New Fund Offer period."

- II. Pursuant to the resignations of Mr. R. S. Radhakrishnan, Senior Operations Manager, Mr. Hemang B. Dagli, Equity Dealer and Mr. Aprit A. Malaviya, Debt Dealer, all references to the above named persons in the Offer Documents of the Schemes stand deleted.

All other terms and conditions mentioned in the Offer Documents / Key Information Memoranda of the Schemes remain unchanged.

INVESTORS DESIROUS OF INVESTING IN THE SCHEMES OF JM FINANCIAL MUTUAL FUND SHOULD READ AND UNDERSTAND THE ABOVE SCHEME SPECIFIC DISCLOSURE IN CONJUNCTION WITH THE DISCLOSURES MADE IN THE RESPECTIVE ORIGINAL OFFER DOCUMENTS. INVESTORS MAY ASCERTAIN FURTHER CHANGES IN THE OFFER DOCUMENTS FROM THE MUTUAL FUND (AMC) / INVESTOR SERVICE CENTRES / DISTRIBUTORS.

### 2. THIS ADDENDUM DATED FEBRUARY 27, 2007 SETS OUT THE CHANGES TO BE MADE IN THE OFFER DOCUMENTS / KEY INFORMATION MEMORANDA OF JM EQUITY FUND, JM BALANCED FUND, JM AUTO SECTOR FUND, JM HEALTHCARE SECTOR FUND, JM EMERGING LEADERS FUND AND BASIC FUND

- I) The above mentioned Schemes intend to commence trading in accordance with the SEBI circular no. DNP/D/Cir-29/2005 dated September 14, 2005, as amended. Consequently, the relevant sections of the Offer Documents / Key Information Memoranda of the above Schemes stand amended as given below :

- Under paragraph (d) **Asset Allocation Pattern** appearing under **Section 6 Investment Objectives & Policies**, the tables providing the limits of derivative exposures, the sentence preceding the tables starting with "In line with the SEBI circular ..... February 11, 2005 respectively" and the sentences providing the maximum exposure to derivative position stand deleted.
- The paragraph (k) **Policy and Special Consideration on Investment in Derivative and Hedging Products** in the Offer Documents of the aforesaid Schemes is substituted with the one given below :

#### k) **POLICY AND SPECIAL CONSIDERATION ON INVESTMENT IN DERIVATIVE AND HEDGING PRODUCTS**

As part of the investment objective of the Scheme, the Fund may participate in equity and fixed income derivatives market to take advantage of the opportunities available for arbitrage, hedging or any other strategy as may be permitted under the SEBI Regulations. The Scheme may also take derivative positions based on the opportunities available subject to the guidelines provided by SEBI from time to time and in line with the overall investment objectives of the Scheme. These may be taken to hedge the portfolio, rebalance the same or to undertake any other strategy as permitted under the SEBI Regulations from time to time.

In terms of circular no. MFD.BC.191/07.01.279/1999-2000 and MPD.BC.187/07.01.279/1999-2000 dated November 1, 1999 and July 7, 1999 respectively issued by the Reserve Bank of India permitting participation by Mutual Funds in Interest Rate Swaps and Forward Rate Agreements, the Scheme may use derivative instruments for the purpose of hedging and portfolio balancing. The AMC would undertake the same for similar purposes only.

An interest rate swap agreement (as per guidelines issued by RBI on 7th July 1999 and 1st November 1999) from fixed rate to floating rate will be an effective hedge for portfolio in a rising interest rate environment. The RBI has issued guidelines on Interest Rate Swaps (IRS) and Forward Rate Agreements (FRA) on July 7, 1999. These products were introduced for deepening the country's money market. SEBI has also permitted trading of interest rate derivatives through Stock Exchanges. The Scheme may trade in these instruments.

#### **Interest Rate Swaps (IRS):**

An IRS is an agreement between two parties to exchange stated interest obligations for an agreed period in respect of a notional principal amount. The most common form is a fixed to floating rate swap where one party receives a fixed (pre-determined) rate of interest while other receives a floating (variable) rate of interest.

#### **Basic Structure of a Swap:**

Assume that the Scheme has a Rs. 20 crores floating rate investment linked to MIBOR (Mumbai Inter Bank Offered Rate). Hence, the Scheme is currently running an interest rate risk and stands to lose if the interest rate moves down. To hedge this interest rate risk, the Scheme can enter into a 6 month MIBOR swap. Through this swap, the Scheme will receive a fixed predetermined rate (assume 12%) and pays the "benchmark rate" (MIBOR), which is fixed by the National Stock Exchange of India limited (NSE) or any other agency such as Reuters. This swap would effectively lock-in the rate or 12% for the next 6 months, eliminating the daily interest rate risk. This is usually routed through an intermediary who runs a book and matches deals between various counterparties.

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## ADDENDA

The steps will be as follows :

- Assuming the swap is for Rs. 20 crores June 1, 2006 to December 1, 2006. The Scheme is a fixed rate receiver at 12% and the counterparty is a floating rate receiver at the overnight rate on a compounded basis (say NSE MIBOR).
- On June 1, 2006 the Scheme and the counterparty will exchange only a contract of having entered this swap. This documentation would be as per International Swap Dealers Association (ISDA). On a daily basis, the benchmark rate fixed by NSE will be tracked by them.
- On December 1, 2006 they will calculate the following –
  - The Scheme is entitled to receive interest on Rs. 20 crore at 12% for 184 days i.e. Rs. 1.21 crore, (this amount is known at the time the swap was concluded) and will pay the compounded benchmark rate.
  - The counterparty is entitled to receive daily compounded call rate for 184 days & pay 12% fixed.
  - On December 1, 2006, if the total interest on the daily overnight compounded benchmark rate is higher than Rs. 1.21 crore, the Scheme will pay the difference to the counterparty. If the daily compounded benchmark rate is lower, then the counterparty will pay the Scheme the difference.
  - Effectively the Scheme earns interest at the rate of 12% p.a. for six months without lending money for 6 months fixed, while the counterparty pays interest @ 12% p.a. for 6 months on Rs. 20 crore, without borrowing for 6 months fixed.

The above example illustrates the benefits and risks of using derivatives for hedging and optimizing the investment portfolio. Swaps have their own drawbacks like credit risk, settlement risk. However, these risks are substantially reduced as the amount involved is interest streams and not principal.

### Forward Rate Agreement (FRA):

A FRA is basically a forward starting IRS. It is an agreement between two parties to pay or receive the difference between an agreed fixed rate (the FRA rate) and the interest rate (reference rate) prevailing on a stipulated future date, based on a notional principal amount for an agreed period. The only cash flow is the difference between the FRA rate and the reference rate. As is the case with IRS, the notional amounts are not exchanged in FRAs.

### Equity Derivatives:

SEBI vide its circular no. DNP/Cir-29/2005 dated September 14, 2005 as amended by circular nos. DNP/Cir-30/2006 dated January 20, 2006 and DNP/Cir-31/2006 dated September 22, 2006 has specified position limits in index futures, index options, stock options and stock futures contracts for Mutual Funds.

The position limits for the Mutual Fund and its schemes shall be as under :

#### ***i. Position limit for the Mutual Fund in equity index options contracts***

- a. The Mutual Fund position limit in equity index options contracts on a particular underlying index shall be higher of Rs. 500 crores or 15% of the total open interest of the market in equity index options.
- b. This limit would be applicable on open positions in all options contracts on a particular underlying index.

#### ***ii. Position limit for the Mutual Fund in equity index futures contracts:***

- a. The Mutual Fund position limit in equity index futures contracts on a particular underlying index shall be higher of Rs. 500 crores or 15% of the total open interest of the market in equity index futures.
- b. This limit would be applicable on open positions in all futures contracts on a particular underlying index.

#### ***iii. Additional position limit for hedging***

In addition to the position limits at point (i) and (ii) above, the Mutual Fund may take exposure in equity index derivatives subject to the following limits:

1. Short positions in index derivatives (short futures, short calls and long puts) shall not exceed (in notional value) the Mutual Fund's holding of stocks.
2. Long positions in index derivatives (long futures, long calls and short puts) shall not exceed (in notional value) the Mutual Fund's holding of cash, government securities, T-Bills and similar instruments.

#### ***iv. Position limit for the Mutual Fund for stock based derivative contracts***

The Mutual Fund position limit in a derivative contract on a particular underlying stock, i.e. stock option contracts and stock futures contracts, is subject to the following limits :

1. For stocks having applicable market-wise position limit ("MWPL") of Rs. 500 crores or more, the combined futures and options position limit shall be 20% of applicable MWPL or Rs. 300 crores, whichever is lower and within which stock futures position cannot exceed 10% of applicable MWPL or Rs. 150 crores, whichever is lower.
2. For stocks having applicable MWPL less than Rs. 500 crores, the combined futures and options position limit would be 20% of applicable MWPL and futures position cannot exceed 20% of applicable MWPL or Rs. 50 crores whichever is lower.

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## ADDENDA

### v. *Position limit for each scheme of a Mutual Fund*

The position limits for each scheme of the mutual fund and disclosure requirements shall be identical to that prescribed for a subaccount of a FII. Therefore, the scheme-wise position limit / disclosure requirements shall be:

1. For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of a scheme of a mutual fund shall not exceed the higher of: 1% of the free float market capitalisation (in terms of number of shares). **Or**  
5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts).
2. This position limits shall be applicable on the combined position in all derivative contracts on an underlying stock at a Stock Exchange.
3. For index based contracts, the Mutual Fund shall disclose the total open interest held by its scheme or all schemes put together in a particular underlying index, if such open interest equals to or exceeds 15% of the open interest of all derivative contracts on that underlying index.

The enhanced limits will enable participants, to hedge their positions more effectively, especially for stocks with large market capitalization and higher liquidity. Separate position limits have been built in for stock options in order to provide an impetus for the options market.

#### **Derivatives Strategy:**

The Scheme(s) shall take derivatives position based on the opportunities available in the market subject to the guidelines provided by SEBI in this regard and in line with the overall investment objectives of the Scheme(s). The Scheme(s) may enter into a combination of transactions simultaneously ; for example, the Fund buys 20,000 shares of Ranbaxy in spot @ Rs. 391.60 and at the same time sells 20,000 Ranbaxy Futures for March 2007 expiry @ Rs. 397.45. The said transaction enables the Scheme(s) to earn an annualised return of 14.04%, provided that the Scheme(s) holds the securities till expiry. The risks associated with futures/options are similar to the one with equity investments. Additional risks could be on account of illiquidity and hence mis-pricing of the futures at the time of purchase. The strategy that could be adopted by the scheme is depicted in the illustrative example given below:

#### **Illustration based on live quotations taken on 19.02.2007**

Scrip name	Cash (Rs.)	March Futures (Rs.)	Cost of Carry	Annualised Return
IDFC	101.55	102.90	1.33%	12.35%
BEL	1685.70	1710.00	1.44%	13.48%
Strides Arcolabs	330.35	335.00	1.41%	13.20%
IVRCL	367.80	373.00	1.41%	13.20%
JSW Steel	450.85	457.50	1.47%	13.76%
Ranbaxy	391.60	397.45	1.50%	14.04%
Sun TV	1745.00	1769.00	1.38%	12.92%
<b>Average Return</b>				<b>13.28%</b>

**Note :** The above cost of carry is for 39 days as the expiry for March future series is on 29th March 2007.

There are futures based on stock indices as also futures based on individual stocks. Illustrative list of strategies that can employ futures:

#### **Strategies that employ index futures :**

- (a) The Scheme(s) has an existing equity portion invested in a basket of stocks. In case the fund manager has a view that the equity markets are headed downwards, the Scheme(s) can then hedge the exposure to equity either fully or partially by initiating short futures positions in the index. A similar position in the long direction can also be initiated by the Scheme(s) to hedge its position of cash and permissible equivalents.

**Risks:** The risks associated with index futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and potential mis-pricing of the futures and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

The long position in the Nifty will have as much loss as the gain in the short portfolio if hedged completely and would be vice versa if we were holding long portfolio, short index.

- (b) To the extent permissible by extant regulations, the Scheme(s) can initiate a naked short position in an underlying index future traded on a recognized stock exchange. In case the nifty future contract is trading at say, Rs. 1850, and the fund manager has a view that it will depreciate going forward, the Scheme(s) can initiate a sale transaction of Nifty futures at Rs. 1850 without holding a portfolio of equity stocks or any other underlying long equity position. Once the price falls to Rs. 1800 after say, 20 days the Scheme(s) can initiate a square-up transaction by buying the said futures and book a profit of Rs. 50. Correspondingly, the Scheme(s) can take a long position without an underlying cash/ cash equivalent subject to the extant regulations.

**Risks:** The risks associated with index futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and potential mis-pricing of the futures and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

The long position in the Nifty will have as much loss as the gain in the short portfolio if hedged completely and would be vice versa if we were holding long portfolio, short index.

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## ADDENDA

### Strategies that employ Stock Specific Futures:

Individual stock futures are also available in the Indian equity markets. Stock futures trade either at a premium or at discount to the spot prices the level of premium generally reflects the cost of carry. Stock specific issues may have a bearing on futures as speculators may find futures as a cost-effective way of executing their view on the stock. However such executions usually increase the premium/discount to the spot significantly, thereby giving rise to arbitrage opportunities for a fund.

**(a) Selling spot and buying future:** In case the Scheme(s) holds the stock of a company at say Rs. 1000 while in the futures market it trades at a discount to the spot price say at Rs. 980 then the Scheme(s) may sell the stock and buy the futures. On the date of expiry of the stock future, the Scheme(s) may reverse the transactions (i.e. Buying at Spot & Selling futures) and earn a risk-free Rs. 20 (2% absolute) on its holdings. If, on the date of expiry of the futures, if the stock trades at Rs. 1100 which would be the price of the futures too, the Scheme(s) will have a benefit of Rs.100 whereby the Scheme gets the 10% upside movement together with the 2% benefit on the arbitrage, and thus getting a total return of 12%.

**Risks:** While futures markets are typically more liquid than the underlying cash market, there can be no assurance that ready liquidity would exist at all points in time for scheme to purchase or close out a specific futures contract.

The risks associated with stock futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and potential mis-pricing of the futures.

**(b) Buying spot and selling future:** Where the Scheme(s) holds the stock of a company trading in the spot market at Rs 1000 while it trades at Rs. 1020 in the futures market then the Scheme(s) may buy the stock at spot and sell in the futures market thereby earning Rs. 20. In case of adequacy of cash with the Scheme(s), this strategy may be used to enhance returns of the Scheme(s) which was otherwise sitting on cash.

**Risks:** While futures markets are typically more liquid than the underlying cash market, there can be no assurance that ready liquidity would exist at all points in time for the Scheme(s) to purchase or close out a specific futures contract.

The risks associated with stock futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and potential mis-pricing of the futures.

**(c) Buying stock future:** Where the Scheme(s) wants to initiate a long position in a stock whose spot price is at say, Rs.1000 and futures is at Rs. 980, then the Scheme(s) may just buy the futures contract instead of the spot thereby benefiting from a lower cost option.

**Risks:** The risks associated with stock futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and potential mis-pricing of the futures and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

**(d) Selling stock future:** In case the Scheme(s) has a bearish view on a stock which is trading in the spot market at Rs. 1000 and the futures market at say Rs. 980. The Scheme(s) can express such a view subject to extant SEBI regulations by initiating a short position in the futures contract. In case the view is right and the futures price depreciates to say Rs. 900 the Scheme(s) can square up the short position thereby earning a profit of Rs. 80.

**Risks:** The risks associated with stock futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and potential mis-pricing of the futures and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

**Options:** Option contracts are of two types - Call and Put; the former being the right, but not obligation, to purchase a prescribed number of shares at a specified price before or on a specific expiration date and the latter being the right, but not obligation, to sell a prescribed number of shares at a specified price before or on a specific expiration date. The price at which the shares are contracted to be purchased or sold is called the strike price. Options that can be exercised on or before the expiration date are called American Options, while those that can be exercised only on the expiration date are called European Options.

Option contracts are designated by the type of option, name of the underlying, expiry month and the strike price. Numerical examples of Options:

**Call Option (Buy):** The Scheme(s) buys a call option at the strike price of say Rs.1000 and pays a premium of say Rs. 50, the Scheme(s) would earn profits if the market price of the stock at the time of expiry of the option is more than Rs. 1050 being the total of the strike price and the premium thereon. If on the date of expiry of the option the stock price is below Rs. 1000, the Scheme(s) will not exercise the option while it loses the premium of Rs. 50.

**Risks:** In case of buying options either call/put, the maximum loss would be the premium paid in case of options expiring out of the money.

**Put Option (Buy):** The Scheme(s) buys a Put Option at Rs. 1000 by paying a premium of say Rs. 50. If the stock price goes down to Rs. 900, the Scheme(s) would protect its downside and would only have to bear the premium of Rs. 50 instead of a loss of Rs. 100 whereas if the stock price moves up to say Rs. 1100 the Scheme(s) may let the option expire and forego the premium thereby capturing Rs. 100 upside after bearing the premium of Rs. 50.

**Risks:** In case of buying options either call / put, the maximum loss would be the premium paid in case of options expiring out of the money.

**Writing a Call Option:** The Scheme(s) writes a call option at Rs. 1050 and earns a premium of, say, Rs. 10. If the price is higher than Rs. 1050, say Rs.1100 at expiry then the option is exercised, the Scheme(s) earns the premium of Rs. 10 but loses the difference between the market price and the exercise price i.e. Rs. 50. In case the stock price is less than Rs.1050, the Scheme gets to keep the premium of Rs.10.

**Risks:** A trader who believes that a stock's price will decrease can sell the call. The trader selling a call has an obligation to sell the stock to the call buyer at the buyer's option. If the stock price decreases, the short call position will make a profit in the amount of the premium. If the stock price increases over the exercise price by more than the premium, the short position will lose money, the potential loss is unlimited.

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## ADDENDA

**Writing a Put Option:** The Scheme(s) writes a put option with the strike price of Rs. 1000 and earns a premium of say Rs. 20. In case the stock trades at Rs. 950 the put option will be exercised, the Scheme(s) will earn the premium of Rs.20 but losses the difference between the exercise price and the market price which is Rs.50. Where the stock trades at above the exercise price, the option-holder will not exercise the option and let it expire. In this case the Scheme(s) will earn the premium income of Rs. 20.

**Risks:** A trader who believes that a stock's price will increase can sell the put. If the stock price increases, the short put position will make a profit in the amount of the premium. If the stock price decreases below the exercise price by more than the premium, the short position will lose money, the potential loss is unlimited.

The above four option positions can be initiated in both index based options as well as stock specific options. Permissible strategies involving index options and stock specific options would be the same as that of index futures and stock specific futures respectively.

The AMC retains the right to enter into such derivative transactions as may be permitted by the applicable regulations from time to time. JM Financial Mutual Fund will act in accordance with the rules and regulations as may be prescribed by SEBI in this regard from time to time.

### Valuation of Derivative Products:

- a) The traded derivatives shall be valued at market price in conformity with the stipulations of sub clauses (i) to (v) of clause 1 of the Eighth Schedule to the SEBI Regulations, as amended from time to time.
- b) The valuation of untraded derivatives shall be done in accordance with the valuation method for untraded investments prescribed in sub clauses (i) and (ii) of clause 2 of the Eighth Schedule to the SEBI Regulations as amended from time to time.

**Risks associated with Derivatives:** Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies.

The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

The Trustee shall offer their comments on the above aspects in the report filed with SEBI under sub regulation (23) (a) of Regulation 18 of the Regulations.

- II) In case of JM Auto Sector Fund, JM Healthcare Sector Fund and JM Basic Fund all references in the Offer Documents / Key Information Memorandum, to investments in any company being restricted to 10% of the NAV at the time of investment stand deleted.
- III) In case of JM Balanced Fund, the modified investment pattern will be as follows :

Sr. No.	Type of Instruments	Normal Allocation (% of net assets)	Risk
1.	Equity and equity related instruments	65% - 75%	Medium to High
2.	Debt securities (including fixed income derivatives and securitized debt*) and money market instruments	25% - 35%	Low to Medium

\* Allocation in securitized debt will not exceed 10% of the net assets

- IV) In case of JM Basic Fund, the investment objective of the Scheme is modified as follows :

The primary objective of the Scheme will be to provide capital appreciation to its Unitholders through judicious deployment of the corpus of the Scheme in sectors categorized under "basic industry" in the normal parlance and in context of the Indian economy, including but not limited to, energy, petrochemicals, oil & gas, power generation & distribution and electrical equipment suppliers, metals and building material. The fund would continue to remain open-ended with a sector focus.

- V) In case of JM Basic Fund, the asset allocation pattern of the Scheme is modified as under :

Under normal circumstances, the investment pattern of the Fund will be as under:

Sr. No.	Type of instruments	Normal Allocation (% of net assets)	Risk
1.	Equity and equity related instruments (including equity derivatives)	80% - 100%	High
2.	Debt securities and money market instruments	0% - 20%	Low
3.	Securitized Debt	0% - 20%	Low

All the above changes will be effective from March 30, 2007.

All other features of the Schemes remain unchanged.

INVESTORS DESIROUS OF INVESTING IN JM EQUITY FUND, JM BALANCED FUND, JM AUTO SECTOR FUND, JM HEALTHCARE SECTOR FUND, JM EMERGING LEADERS FUND AND JM BASIC FUND SHOULD READ AND UNDERSTAND THE ABOVE SPECIFIC DISCLOSURES IN CONJUNCTION WITH THE DISCLOSURES MADE IN THE RESPECTIVE ORIGINAL OFFER DOCUMENTS / KEY INFORMATION MEMORANDA. INVESTORS MAY ASCERTAIN FURTHER CHANGES IN THE OFFER DOCUMENTS / KEY INFORMATION MEMORANDA FROM THE MUTUAL FUND (AMC) / INVESTOR SERVICE CENTRES / DISTRIBUTORS

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**Statutory Details :** Trustee : JM Financial Trustee Company Private Limited. Investment Manager : JM Financial Asset Management Private Limited. Sponsor : J.M. Financial & Investment Consultancy Services Private Limited. Co-Sponsor : JM Financial Limited.

## AAf rating by CRISIL indicates that the fund's Portfolio holdings provide very strong protection against losses from credit defaults. The rating of CRISIL is not an opinion on the Asset Management Company's willingness or ability to make timely payment to the investor. The rating is also not an opinion on the stability of the NAV of the scheme, which would vary with the market developments.

### VALUE RESEARCH RATINGS: Value Research Fund ratings are a composite measure of historical risk-adjusted returns. It is purely quantitative and there is no subjective component to the Fund rating. For equity and hybrid funds, the Fund Ratings for the two time periods (3 and 5 years) are combined to give a single assessment. For debt funds, the Fund Ratings are based on 18 month weekly risk-adjusted performance, relative to the other funds in category. Entry and exit loads on Funds are not considered for rating purpose. Equity or hybrid funds with less than 3-year performance and debt funds with less than 18-month performance are not rated. Each category must have a minimum of 10 funds for it to be rated. VALUE RESEARCH FUND RATING : The Value Research Fund Rating (Risk-adjusted Rating) is determined by subtracting the fund's Risk Score from its Return Score. The resulting number is then assigned according to the following distribution : ★★★★★ Top 10%; ★★★★★ Next 22.5%; ★★★ Middle 35%; ★★ Next 22.5%; ★ Bottom 10%

**Risk Factors :** Mutual fund investments are subject to market risks and there is no assurance or guarantee that the objectives of the schemes will be achieved. As with any investment in securities, the Net Asset Value (NAV) of the units issued under the Schemes can go up or down depending on the factors and forces affecting the capital markets. Past performance of the Sponsor / AMC / Schemes of JM Financial Mutual Fund does not indicate the future performance of the schemes of JM Financial Mutual Fund. The sponsors are not responsible or liable for any loss resulting from the operation of the fund beyond the initial contribution made by them of an aggregate amount of Rupees Two lacs towards setting up of the Mutual Fund, which has been invested in JM Equity Fund. The names of the schemes do not in any manner indicate either the quality of the schemes or their future prospects or returns. Investors in the Schemes are not being offered any guaranteed / indicative returns. Investors may please note that after payment of the dividend, the per unit NAV will fall to the extent of the dividend paid out (including the applicable distribution tax payable to Government). Past performance is no guarantee of future results. This newsletter is neither a prospectus nor an invitation to subscribe to units of JM Financial Mutual Fund. Application should be made on the application form and on the basis of the respective scheme Offer Documents. Distribution taxes have been excluded while calculating the returns. The above information is not necessarily indicative of future results and may not necessarily provide a basis of comparison with other investments. Please read the Offer Documents carefully before investing. Source for calculation of returns of all schemes: [mutualfundsindia.com](http://mutualfundsindia.com)

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